THIS DOCUMENT IS IMPORTANT AND MUST BE READ CAREFULLY

If you are in any doubt about its content or the action to take, please consult your Stockbroker, Banker, Solicitor, Accountant or any other professional adviser for guidance immediately.

"For Information concerning certain risk factors which should be considered by Shareholders, see 'Risk Factors' on page 15 to 17 hereof"

BERGER

...enduring beauty and protection

RC 1837

BERGER PAINTS NIGERIA PLC

RIGHTS ISSUE

Of

72,455,862

Ordinary Shares of 50 kobo each

at

₦7.50 per share

On the basis of One (1) New Ordinary Share for every Three (3) Ordinary Shares held as at May 31, 2013

Payable in full on Acceptance

ACCEPTANCE LIST OPENS
XXXXXXXX, xxxxxx xx, 2013
ACCEPTANCE LIST CLOSES
XXXXXXX, xxxxxxx, xx 2013

The Shares being offered in this Circular are tradable on the floor of The Nigerian Stock Exchange for the duration of the Issue.

Lead Issuing House	Joint Issuing House
MERISTEM SECURITIES LIMITED MEMBER OF THE NIGERIAN STOCK EXCHANGE RC No.442255	CARDINALSTONE PARTNERS RC: 739441

This Rights Circular and the Securities, which it offers have been cleared and registered by the Securities and Exchange Commission. It is a civil wrong and a criminal offence under the Investments and Securities Act No. 29 of 2007 to issue a Rights Circular that contains false and misleading information. Clearance and registration of this Rights Circular and the securities which it offers do not relieve the parties from any liability arising under the Act for false and misleading statements contained therein or for any omission of a material fact.

This Rights Circular is dated Xxxxday, Xxxxxxx xx, 2013

CONTENTS

1.0 IMPORTANT NOTICE

This Rights circular contains confidential information about Berger Paints Nigeria Plc in connection with the Rights Issue of 72,455,862 Ordinary Shares of 50 kobo each ("The Shares") at ₦7.50 kobo per share ("The Issue") in Berger Paints Nigeria Plc ("The Company") for the purpose of giving information to shareholders in respect of the Issue described therein. The Issue shall be further described as the "Berger Rights".

This Rights Circular contains confidential information about Berger Paints Nigeria Plc and is intended mainly for the purpose of giving information to existing shareholders of the Company. This document is not a prospectus and does not constitute an offer or an invitation to the public to subscribe to the securities presented herein. Subscription to the shares being offered may only be made by existing shareholders to whom investment letters have been addressed for the purpose of making an investment decision in accordance with the terms and conditions contained therein.

The information contained herein may not be reproduced or used by anyone in any circumstance not authorised or in connection with an offer or solicitation other than the selected group of investors to whom Issue Letters are addressed. Each of the shareholders, to whom the Issue Letter is addressed, should make his/her own independent evaluation and determine the amount of investment in the Ordinary Shares he/she would like to make on the basis of such evaluation.

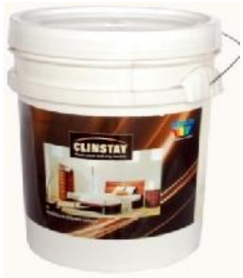
The Directors of the Company individually and collectively accept full responsibility for the accuracy of the information contained therein and have taken all reasonable care to ensure that the information contained herein are, to the best of their knowledge and belief, true and accurate in all material respects and that there are no other facts, the omission of which would make any statement herein whether of fact or opinion misleading or untrue.

Additional information, may be obtained through Meristem Securities Limited's registered office at 124, Norman Williams Street, Ikoyi South-West, Lagos, Nigeria or CardinalStone Partners Limited's registered office at 5, Okotie Eboh Street, Ikoyi, Lagos, Nigeria on any business day during the Issue period provided, the Issuing House possesses such information or can acquire it without unreasonable effort or expense, as necessary.

2.0 KEY TERMS AND ABBREVIATIONS

"Allotment Date"	The date after the Closing Date of the Issue when the securities allotted to successful shareholders are approved by SEC
"AGM"	Annual General Meeting
"Berger" or "The Company"	Berger Paints Nigeria Plc
"Brokerage"	Commission payable to Receiving Agents in respect of returns bearing their stamp and duly allotted
"Business Day"	Any day other than Saturday, Sunday or official public holiday in Nigeria
"CAC	Corporate Affairs Commission
"CAMA"	Companies and Allied Matters Act, Cap C20, LFN, 2004 as amended from time to time
"CSCS"	Central Securities Clearing System
"DPS"	Dividend per Share
"Effective Date"	Closing date of the Issue
"EPS"	Earnings per share
"FGN"	The Federal Government of Nigeria
"ISA"	Investments and Securities Act No. 29 2007 as amended from time to time
"Joint Issuing Houses" or "JIH"	Meristem Securities Limited and CardinalStone Partners Limited
"Pari-Passu"	Equally
"Parties"	Professionals engaged to ensure the success of the Issue
"Rights Circular" or "Circular"	This legal document through which the Issue is being made to existing Shareholders whose names appear in the register of members at May 31, 2013
"Receiving Agent"	Market operator authorized to receive acceptance/renunciation forms/monies from Shareholders.
"Registrars"	Meristem Registrars Limited
"R & D"	Research & Development
"The NSE" or "The Exchange"	The Nigerian Stock Exchange
"The Issue"	Rights Issue of 72,455,862 Ordinary Shares of 50 kobo each at ₦7.50 per Share
"The SEC" or "The Commission"	The Securities and Exchange Commission

3.0 CORPORATE DIRECTORY



Head Office/Registered Office
102, Oba Akran Avenue
Ikeja Industrial Estate
P.M.B. 21052, Ikeja Lagos.
Tel: (01) 2805161-3, 2805159
Fax: 01-2805160, 2805161
e-mail:customercare@bergerpaintsnig.com
Website: www.bpnplc.com

Regional Offices

ABUJA:
Plot 784, Alexandria Crescent
Wuse, Abuja
Tel: 0818 311 4038

BENIN:
134, Murtala Mohammed Way
Benin City
Edo State.
Tel: 0818 311 4037, 0809 991 2256

PORT HARCOURT:
70, Trans Amadi Estate
Port Harcourt
Rivers State
Tel: 0817 458 3187, 0818 311 4067, 0809 991 2260

4.0 ABRIDGED TIMETABLE

DATE	ACTIVITY	RESPONSIBILITY
xx/xx/13	Acceptance List Opens	JIH
xx/xx/13	Acceptance List Closes	JIH
xx/xx/13	Receiving Agents forward returns	JIH/Registrar
xx/xx/13	Forward allotment proposal and draft newspaper announcement to the SEC	JIH
xx/xx/13	Obtain SEC clearance of allotment	JIH/Berger
xx/xx/13	Disburse net Issue proceeds to the Issuer	JIH/ Receiving Banks
xx/xx/13	Publish allotment results	JIH
xx/xx/13	Return excess/rejected application monies	JIH/Registrar
xx/xx/13	Despatch of Share certificates/ commence arrangements to credit CSCS accounts	Registrar
xx/xx/13	Forward Declaration of compliance to the NSE	Stockbrokers
xx/xx/13	Listing of new shares of Berger on the NSE	Stockbrokers
xx/xx/13	Submission of summary report to the SEC	JIH

5.0 THE ISSUE

A copy of this Rights Circular and the documents specified herein, have been delivered to the Securities & Exchange Commission for clearance and registration.

This Circular is being issued in compliance with the provisions of the Investments and Securities Act No. 29 of 2007, the Rules and Regulations of the Commission and the Listing Requirement of The Exchange and contains particulars in compliance with the requirement of the Commission and The Exchange, for the purpose of giving information to Shareholders with regard to the Rights Issue of 72,455,862 Ordinary Shares of 50 Kobo each at ₦7.50 per Share on the basis of One (1) new Ordinary Share to Three (3) Ordinary Shares held in Berger Paints Nigeria Plc's Shares as at May 31, 2013 to be issued by Meristem Securities Limited and CardinalStone Partners Limited. An application has been made to the Council of The Exchange for the admission to its Daily Official List of the shares being offered by the Company via Rights Issue.

The Directors of Berger Paints Nigeria Plc individually and collectively accept full responsibility for the accuracy of the information contained in this Circular. The Directors have taken reasonable care to ensure that the facts contained herein are true and accurate in all respects and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no material facts, the omission of which would make any statement herein misleading or untrue

MERISTEM SECURITIES LIMITED RC No.442255
MEMBER OF THE NIGERIAN STOCK EXCHANGE

&

CARDINALSTONE PARTNERS RC: 739441

On behalf of

BERGER
...enduring beauty and protection

RC 1837

Offer by way of

A

RIGHTS ISSUE

72,455,862 Ordinary Shares of 50 kobo each

at

₦7.50 per share

On the basis of One (1) New Ordinary Share for every Three (3) Ordinary Shares held as at May 31, 2013

Payable in full on Acceptance

The Rights being offered in this Circular are tradable on the floor of The Nigerian Stock Exchange for the duration of the Issue.

ACCEPTANCE LIST OPENS xxxxDAY, XXXXXX xx, 2013
ACCEPTANCE LIST CLOSES xxxxDAY, XXXXXX xx, 2013

SHARE CAPITAL AND RESERVES OF THE COMPANY AS AT 31 DECEMBER 2012
(EXTRACTED FROM THE ANNUAL REPORT)

Authorised:	800,000,000 Ordinary Shares of 50 Kobo each	400,000,000
Issued and fully paid:	217,367,585 Ordinary Shares of 50 Kobo each	108,684,000
Share Premium:		160,201,000
Fair value reserve:		18,903,000
Retained earnings:		1,484,324,000
SHAREHOLDERS' FUNDS		1,772,112,000

6.0 SUMMARY OF THE ISSUE

The following information is not intended as a substitute to the Rights Circular; it should be read in conjunction with the full text of this Circular, from which it is derived:

1.	Issuer:	Berger Paints Nigeria Plc
2.	Issuing Houses:	Meristem Securities Limited CardinalStone Partners Limited
3.	Share Capital:	
	Authorised:	₦400,000,000 comprising 800,000,000 Ordinary Shares of 50 Kobo each
	Issued and Fully Paid:	₦108,683,793 comprising 217,367,585 Ordinary Shares of 50 Kobo each
	Now being Issued to existing Shareholders:	72,455,862 Ordinary shares of 50 Kobo each on the basis of One (1) new Ordinary Share for every Three (3) Ordinary Shares held at May 31, 2013.
4.	Purpose:	The Rights Issue is being undertaken to enable the company purchase new machinery with higher technical capabilities. for the modernization of the factory operations
5.	Use of Proceeds:	The net proceeds of the Issue estimated at ₦521,712,990.87 after deducting the total cost of the Issue estimated at ₦21,705,974.13* (representing 3.99% of the gross Issue proceeds), will be used for the purchase of new equipments for the modernization of the factory's operation.
	*the cost excluding publicity and distribution stands at ₦17,205,974.13 representing 3.17% of the total issue	
6.	Method of Issue:	By way of Rights Issue to existing shareholders
7.	Issue Price:	₦7.50 per share
8.	Market Capitalisation:	
	Pre-Issue (at Issue Price):	₦1,630,256,887.50
	Post-Issue (at Issue Price):	₦2,173,675,852.50
9.	Payment:	In full on acceptance
10.	Acceptance Opens:	Xxxxday, xxxxxxxx xx, 2013
11.	Acceptance Closes:	Xxxxday, Xxxxxxxxx xx, 2013
12.	Status:	The new shares being issued shall rank pari passu in all respect with the issued Ordinary Shares of the Company.
13.	Quotations:	The 217,367,585 Ordinary shares in the Company's issued share capital are quoted on the daily official list of the NSE. An application has been made to the Council of The Exchange for the admission to its Daily Official List of the 72,455,862 Ordinary Shares now being offered by way of Rights Issue.
14.	E-Allotment/Share Certificates:	Shares allotted will be credited to the CSCS account of allotees not later than 15 working days from the date the allotment is approved by the Commission. Shareholders are hereby advised to state the name of their Stockbroker as well as their CSCS account number in the space provided on the Acceptance Form. However, Shareholders without CSCS account numbers will have their certificates dispatched by registered post within 15 working days from the date of allotment.
15.	Qualification Date:	May 31, 2013
16.	Provisional Allotment:	One (1) new Ordinary Share for every Three (3) Ordinary Shares held.

SUMMARY OF THE ISSUE

17.	Indebtedness:	As at December 31, 2012 the date of its latest audited accounts, the Company had no outstanding debentures, mortgages, loans, charges or similar indebtedness or material contingent liabilities other than in the ordinary course of business.
18.	Claims and Litigations:	The Company in its ordinary course of business is currently involved in four (4) suits. Two of these suits are instituted against the Company with a total estimated claim of N6,200,000 and $22,000. The other two (2) suits are instituted by Berger and the claims are for payment of goods supplied and an allegation of infringement on three(3) of its trademarks. The Solicitors are of the opinion that the contingent liability that may arise from the cases pending against the Company is not material to the Company or the Issue.
19.	Underwriting :	The Issue is 30% underwritten by Meristem Securities Limited with underwriting on a stand-by basis.
20.	Shareholding Structure:	As at December 31, 2012, the Shareholding structure of the company is as stated below:

SHAREHOLDER	NO OF SHARES HELD	SHARE HOLDING %
CAB (Overseas Holdings) Limited UK	24,473,259	11.26
Other Shareholders	192,894,326	88.74
Total	217,367,585	100

21. FINANCIAL SUMMARY FOR 5 YEARS ENDED DECEMBER 31

Year Ending 31st December

	2012 ₦'000	2011 ₦'000	2010 ₦'000	2009 ₦'000	2008 ₦'000
Balance Sheet					
Total Assets	2,906,601	2,675,035	2,605,446	2,281,279	2,040,688
Share Capital	108,684	108,684	108,684	108,684	108,684
No of Issued Shares	217,368	217,368	217,368	217,368	217,368
Shareholders' Funds	1,774,108	1,729,451	1,676,664	1,343,073	1,214,448
Profit & Loss Account					
Turnover	2,513,664	2,574,359	2,756,608	2,379,847	2,534,721
Profit Before Taxation	284,465	369,325	519,897	322,867	244,828
Taxation	(92,456)	(141,509)	(77,434)	(129,591)	(96,088)
Profit After Taxation	179,938	227,816	442,463	193,276	148,740
Earnings Per Share (Kobo)	83	105	203	89	95

7.0 DIRECTORS AND OTHER PARTIES TO THE ISSUE

CHAIRMAN:	CLEMENT ADEKUNLE OLOWOKANDE 102, Oba Akran Avenue Ikeja Lagos
MANAGING DIRECTOR:	TOR NYGARD 102, Oba Akran Avenue Ikeja Lagos
NON-EXECUTIVE DIRECTORS:	BALRAM D. DATWANI 102, Oba Akran Avenue Ikeja Lagos ABI AYIDA 102, Oba Akran Avenue Ikeja Lagos MUSA DANJUMA 102, Oba Akran Avenue Ikeja Lagos OLAWALE O. AKINPELU 102, Oba Akran Avenue Ikeja Lagos RAYMOND C. OBIERI 102, Oba Akran Avenue Ikeja Lagos NELSON C. NWEKE 102, Oba Akran Avenue Ikeja Lagos OLADIMEJI ALO, PhD 102, Oba Akran Avenue Ikeja Lagos
COMPANY SECRETARY: REGISTERED OFFICE:	PHEOLA CAULCRICK & Co. 6, Thomas Ajofu Street Off Opebi Road Ikeja Lagos

7.0 DIRECTORS AND OTHER PARTIES TO THE ISSUE

LEAD ISSUING HOUSE:	MERISTEM SECURITIES LIMITED 124, Norman Williams Street South West, Ikoyi Lagos
JOINT ISSUING HOUSE:	CARDINALSTONE PARTNERS LIMITED 5, Okotie Eboh Street Ikoyi Lagos
AUDITORS:	AKINTOLA WILLIAMS DELOITTE (Chartered Accountants) 235, Ikorodu Road, Ilupeju Lagos
SOLICITORS TO THE ISSUE:	IKEYI & ARIFAYAN Barristers & Solicitors 1st Floor, 21 Boyle Street Onikan Lagos
LEAD STOCKBROKER TO THE ISSUE:	REWARD INVESTMENTS AND SERVICES LIMITED 10th Floor, Royal Exchange Building 31, Marina Lagos
JOINT STOCKBROKER TO THE ISSUE:	ICON STOCKBROKERS LIMITED 3rd Floor, Medife House 58/60, Broad Street Lagos
	SFC SECURITIES LIMITED Summit House 6, Ajele Street Lagos
REGISTRARS TO THE COMPANY	MERISTEM REGISTRARS LIMITED 213, Herbert Macaulay Way Sabo, Yaba Lagos
RECEIVING BANKS:	ACCESS BANK PLC Plot 999c, Danmole Street Off Adeola Odeku/Idejo Street Vitoria Island Lagos SKYE BANK PLC 3, Akin Adesola Street Victoria Island Lagos ZENITH BANK PLC Zenith Heights Plot 87, Ajose Adeogun Street Victoria Island Lagos

8.0 CHAIRMAN'S LETTER

Outlined below is the text of the letter received by the Joint Issuing Houses from Clement A. Olowokande, the Chairman of Berger Paints Nigeria Plc.

BERGER

...enduring beauty and protection

RC 1837

May 30, 2013

TO ALL SHAREHOLDERS

Dear Shareholders,

BERGER PAINTS NIGERIA PLC
RIGHTS ISSUE OF 72,455,862 ORDINARY SHARES OF 50 KOBO EACH AT ₦7.50 PER SHARE ("THE ISSUE")

At the Annual General Meeting of your Company held on Tuesday, 14th May, 2013 you were informed of the plans to raise additional capital through a Rights Issue. The necessary resolutions were subsequently passed authorizing the commencement of the exercise. Consequently, the Directors have now decided to offer by way of Rights 72,455,862 Ordinary Shares of 50k each to the existing shareholders on the basis of One (1) new share for every Three (3) already held as at May 31, 2013.

I am pleased to inform you that arrangements have been concluded for the Rights Issue. The new shares, which will be issued at a price of ₦7.50 per Share, will rank pari-passu with the existing Ordinary Shares of the Company.

8.1 BUSINESS EXPANSION

In the Company's effort to operate at the forefront of paint technology, we have concluded plans to embark on a major modernization of our aging manufacturing infrastructure, in order to secure efficiency gain that will positively impact on our turnover and profitability.

We have recently entered into partnership with KCC Corporation, a South Korea based company and one of the largest paints and chemical manufacturing companies in the world. We believe that this relationship will greatly enhance our offering in the Nigerian paint and coating market in the next few months.

Also on expansion, another major initiative is the plan to commit substantial investment towards major improvements in or distribution channels.

8.2 OPERATING PERFORMANCE

Despite several economic challenges in the Country leading to increase in cost of manufacturing in the last financial year, the operating cost of the Company was kept the same, thus generating a profit before tax of ₦284.465 million. The Company is continuously working on cost reduction to reflect efficiency and effectiveness in its operation.

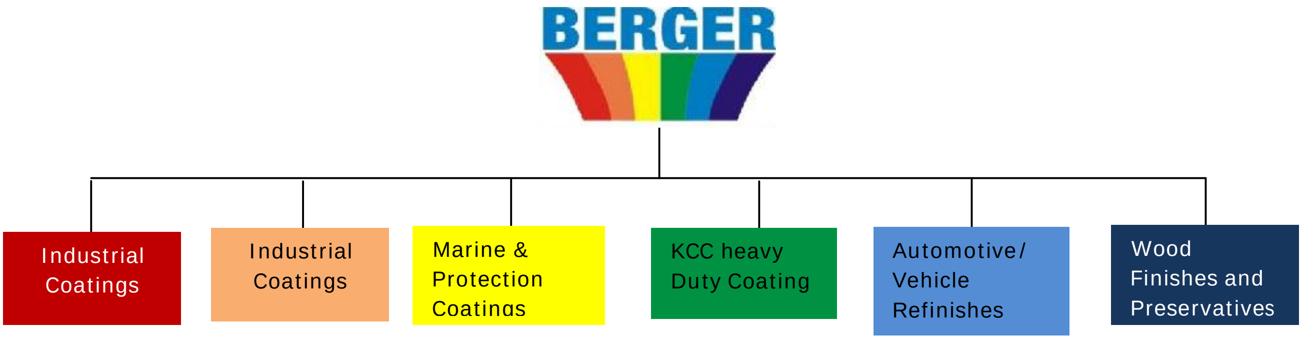
The Company recently commissioned its N650 million building materials and related products shopping complex in Abuja. This is targeted at generating additional income for the Company alongside our core paint business. This is indeed a landmark in the history of Berger.

Also, our subsidiary, Robbialac Nigeria Limited has commenced the processing of winding up as the company has continuously posted negative results. Berger will produce Robbialac as a brand.

CHAIRMAN'S LETTER (CONT'D)

8.3 OUR PRODUCTS

Berger operates 6 business segments:



The Company has the enviable reputation of being the first in setting standards in the paints industry in Nigeria. It has pioneered a wide range of special products that are sought after in this dynamic and ever-changing market, such as Berger Fire Retardant Texcote, textured finish which was first introduced into the Nigerian market by us and has gained popularity for meeting and exceeding customers' expectations. Today, Berger Fire Retardant "Texcote" is not only a household name but has been adopted as the generic name for textured paints in Nigeria.
Berger Rufhide, a putty with superior adhesive strength over conventional P.O.P (Plaster of Paris) and other screading materials, is also first of its kind in the Nigerian market. Other distinguished brands from our collection include: Luxol (Clinstay), SuperStar, Classic, Robbialac etc. These products have their loyal clientele and extreme popularity across Nigerian paints and allied coatings customers.

DECORATIVE PAINTS

Berger Paints decorative brand offers a rich tradition of innovation and colour inspiration, having consistently embodied quality and performance for generations of customers. Berger Luxol, Super Star and Texcote meet the twin demands of tough uncompromising protective performance and aesthetic quality. They are engineered for durability and long lasting beauty on any clean and sound surface.
Also, in the stable of Berger paints Nigeria Plc is Clinstay, an exquisite emulsion paint with sheen that provides a luxurious finish and a glowing silky appearance to your walls. It has excellent flow giving a near brush mark free finish. It also offers high stain resistance – it is washable. Walls painted with Clintsay look new even years later. It is specifiers' choice for high premium hospitality projects and corporate head quarters.

INDUSTRIAL COATINGS

Berger Paints offers a wide range of high-end industrial protective coatings, designed to protect customer's assets in the most demanding environmental conditions. Our range of industrial coatings provides long-term conservation of asset values, functional safety and customized design options. Based on close cooperation with our industrial customers, Berger Paints Nigeria Plc develops innovative quality products which satisfy the highest technical and economic demands. We have a rich history of research and development in industrial protective coatings.
The protective coatings range includes products for application on various metallic surfaces such as mild steel, stainless steel, aluminum, galvanized steel as well as manufacturing equipment and machines. The coatings are available to suit most forms of application technologies ranging from brushing, conventional spraying, dipping, coil coating, roller coating etc. Our products portfolio includes Stoving Enamels, Coil Coatings, Enamels and Quick Drying Enamels amongst others.

AUTOMOTIVE/VEHICLE REFINISHES PAINTS

Whether you need to refinish a tiny scratch or repair large-scale damage, Berger Autolux, an automotive refinish paint ensures that your car looks as good as new. Our comprehensive range of products and services include topcoats for vehicle assembly plants as well as car refinishes which offers a wide variety of solutions for automotive refinishing. Automobile companies in Nigeria prefer Berger's automotive refinish coatings because of its high colour accuracy and durability. The Autoflux range includes the solid and metallic Paints, Primers, Varnish, and NC Putty. The Autobase range includes the Base and Cryl, Primers and Fillers, Clear and Hardeners, etc.

MARINE AND PROTECTION

Berger/KCC product portfolio offers reliable all-round protection. These highly specialized products are tailored for installations exposed to harsh industrial atmosphere and maritime environment, as well as ocean vessels. They withstand weather and environmental impacts, reduce wear-and-tear and increase functional safety, thus making a significant contribution to the lifetime of plants and ocean vessels.

BERGER COLOUR WORLD CENTRES

No matter the wall or façade, Berger Colour World centres offer the perfect colour for every substrate and the right nuance for every taste. From Ice blue to Raspberry to Golden yellow; the product offerings come in a wide range of colours no matter how unusual they may be. This allows our customers customized colours for their projects.

BERGERNOL

Bergernol Wood Preserver is a chemical solution for treating and preserving wood from fungi, rot, termites and other wood-destroying insects.
Bergernol is available in two distinct variants-clear and brown wood preservers, which are ideal for the protection of rafters and other wood surfaces.

8.4 PURPOSE OF THE ISSUE

The net proceeds of the total Issue estimated at ₦521,712,990.87 after deducting the total cost of the issue including cost of publicity and printing estimated at ₦21,705,974.13 (representing 3.99% of the gross Issue proceeds), will be used for the purchase of new equipments for the modernization of the factory operations.

8.5 FUTURE PROSPECTS AND GOING CONCERN STATUS

In the Company's effort take the lead in the paint industry, we have concluded plans to embark on a major modernization of our aging manufacturing infrastructure and through the KCC Corporation partnership the Company will leverage on this relationship to improve value for its shareholders.

The Board and Management of Berger Paints are confident that in the absence of unforeseen circumstances, the Company will continue to exist as a going concern and record significant growth and improvements in its operations over the coming years.

8.6 RESEARCH AND DEVELOPMENT

Our research and development activities focus on the development of cost effective decoration products as well as water-based and alkyd-base formulations. We have continued to develop cost-effective and tailor made products to meet the ever-changing needs and requirements of our customers.

In a bid to manage the cost of production, we are constantly evaluating alternative and cost-effective raw materials which include resins, additives, solvents, pigments and extenders; while evaluating our product (decorative and non-decorative) against competitor products to ascertain its status with a view to make improvements.

Other research and development activities include the development of decorative ad non-decorative colours (as specified by customers), as well as the design of production process to deliver the maximum possible yield.

8.7 CORPORATE GOVERNANCE

Berger Paints Nigeria Plc is a Company that ensures and sustains high standards of Corporate Governance issued by the Commission in its dealings, the intention being to exceed "minimum requirements" with due consideration to international trends and codes.

The Company conforms to the "Code of Best Practices on Corporate Governance" and in particular, requirements for publicly quoted companies in Nigeria.

CHAIRMAN'S LETTER (CONT'D)

1. The office of the Chairman is separated from that of the Chief Executive Officer. To further enhance Corporate Governance, the Board constituted sub-committees to help the Board properly look into into some aspects of the business and report to the main Board. There are Board sub-committees on Strategy and direction (with Mr. Clement Olowokande, Mr. Abi Ayida, Mr. O.O Akinpelu and Mr. Raj Mangtani as members), Finance and Control Systems (with Dr. Raymond Obieri, Mr. Clement Olowokande and Mr.Musa Danjuma as members), Establishment and Remuneration (Mr. O.O Akinpelu, Mr. Abi Ayida and Mr. Clement Olowokande as members) and Local & International Markets, Innovations & Corporate Relation (with Mr. Abi Ayida and Mr O.O Akinpelu as members).

2. The remuneration of the Chief Executive Officer is determined by the Board through the recommendation of the Corporate Compensation Committees consisting of Non Executive Directors with Secretarial Services.

3. The Auditors, Messrs Akintola Williams Deloitte do not provide remunerative services to the Company.

4. The Board provides direction in matters of policy and strategy whereas the management initiates and agrees details and specifics with the Board.

5. Investments and capital expenditure including borrowing limits and authorization are agreed with the Board.

6. The Directors ensure that Shareholders' general and statutory rights are protected at all times. Shareholders are responsible for electing the Directors at Annual General Meetings for which at least notice of twenty one working days has been given before the meeting.

7. The working capital position of Berger Paints Nigeria Plc is robust and strong enough to support the operations of the company. It can comfortably fund its liabilities maturing within the next one year (NGN895million) from its current asset base of NGN1.5billion. Netting out illiquid asset such as inventory, the Company is still adequately funded to meet near-term maturing obligations.

8.8 RISKS AND MITIGATING FACTOR(S)

The risks considered are classified into the sector and the company specific risks. The sector risks relate to those factors which are generally peculiar to companies in the chemical and paints sector while the other focuses on factors that specifically affect the company's performance. It should however be noted that most of the risks affecting individual businesses will emanate from general challenges faced in the sector.

SECTORAL RISKS

- POLITICAL RISKS:

A major political action that will positively affect industry performance will be the ban or imposition of tariffs on importation of paints into the country. For those companies who supply paints and coatings to the oil and gas industry, the implementation of the Petroleum Industry Bill should boost their performance. However, downside political risks will majorly be the relative instability caused by violence by the extremist group- Boko Haram.

Mitigating factor(s)

Though the government is not currently taking any aggressive actions against the importation of substandard and adulterated paints into the country, companies may have to collaborate to influence government in their favour. Likewise, the government has declared state of emergency and begun aggressive military actions to curtail the activities of the group and restore peace to the affected states and thus reducing the probability of contagion to the Southern states where most of Berger's operations is concentrated.

CHAIRMAN'S LETTER (CONT'D)

- ECONOMIC RISKS

A slowdown in the economy will adversely impact on private and public infrastructure spending and translate to reduction in building activity in the country and a favourable interest rate environment will stimulate private expenditure financing while the converse will stall business growth.

Mitigating factor(s)

Despite the fact that there may be a lull in activities in the economy, the good product mix of Berger will be able to compensate for the downside risk. The products produced by the company cuts across diverse industries with low correlation such as Maritime, automobiles etc.

- ENVIRONMENTAL RISKS

The industry is particularly affected by unfavourable weather conditions (heavy rain is prevalent for approximately half of the year) which upset building construction activity as well as the distribution of paints products to markets.

Mitigating factor(s)

Berger will work towards increasing production in the dry season of the year over expected levels under normal circumstances in a bid to smooth out demand in the rainy season. Likewise, stock of finished goods could be increased so as to reduce production costs in the rainy season.

- TECHNOLOGICAL RISKS

The industry, just like other manufacturing industry, may suffer from the risk of obsolete equipment and production process due to technological advancement.

Mitigating factor(s)

Berger is very mindful of this and as such the management ensures that staff members are kept abreast of latest developments in the industry. The major purpose of this Rights Issue is to acquire a state-of-the-art equipment that will enhance the efficiency of the system both in terms of cost, process and product quality thereby making Berger competitive along the industry life cycle.

- EXCHANGE RATE RISKS

This risk will majorly arise as a result of the dependence on importation of the needed raw materials for production which are not available in the Nigerian markets. Risk from exchange rate fluctuations can be a significant factor in product pricing.

Mitigating factor(s)

The CBN's continuous efforts at ensuring stability in the local currency which has had positive results thus far will remain baring any further rise in dollar demand in the local economy. However, the company will seek more strategic means to efficiently buy raw materials to further minimise risks from fall in the value of Naira while optimising exchange rate gains from Naira appreciation.

- COMPANY SPECIFIC RISKS

Berger Paints Plc leverages highly on its long standing paints brand being the oldest paints company in Nigeria. However, the reduction in its market share as a result of more intense competition from peers signals the need to re-strategise its operations. The company's major internal risks are solely the ability of management to take aggressive steps towards the implementation of strategies aimed at improving performance via emphasis on innovation and product development.

CHAIRMAN'S LETTER (CONT'D)

Operational risk
Shortage of power supply, labour unrest, unavailability or increased cost of raw material, natural disasters etc, may disrupt production and can adversely impact its profitability.

Mitigating factor(s)

The risks from these factors are covered through Insurance. The company is also facilitated to keep a rational reserve for any future price escalation of the raw materials.

CONCLUSION

I therefore encourage all existing shareholders to participate fully in this Rights Issue and continue to be a part of one of the dominating brand in the paints industry.

Yours faithfully,

FOR AND ON BEHALF OF BERGER PAINTS NIGERIA PLC

CLEMENT A. OLOWOKANDE
Chairman, Board of Directors

9.0 HISTORICAL FINANCIAL INFORMATION

Letter from the Auditors in respect of the Going Concern Status

Deloitte.

Akintola Williams Deloitte
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12 July 2013

The Directors
Berger Paints Nigeria Plc
102 Oba Akran Avenue
Ikeja
Lagos

and

The Directors
Meristem Securities Limited
124, Norman Williams Street
Ikoyi
Lagos

and

The Directors
CardinalStone Partners
5, Okotie Eboh Street
Ikoyi
Lagos

Dear Sirs,

Re: Rights issue of Berger Paints Nigeria Plc

We have audited the financial statements of Berger Paints Nigeria Plc (the "Company"), for the five years ended 31 December 2012. The financial statements for the years ended 31 December 2008, 2009 and 2010 were prepared under the historical cost convention while the financial statements for the years ended 31 December 2011 and 2012 have been prepared in accordance with International Financial Reporting Standards as issued by IASB.

Based on our audit of the financial statements for the year ended 31 December 2012, nothing has come to our attention that causes us to believe that the Company will not continue as a going concern as at 28 March 2013, when the audit exercise was concluded.

Yours faithfully,
For: **Akintola Williams Deloitte**

Tawanda Gumbo
Partner

HISTORICAL FINANCIAL INFORMATION (CONT'D)

9.1 GROUP STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 2011 AND 2012

Assets		2012	2011
Non-current assets	Notes	N'000	N'000
Property, Plant and Equipment	10	1,164,418	1,074,252
Investment in subsidiary	11	-	-
Available-for-sale investment	12	135,483	142,545
Total non-current assets		1,299,901	1,216,797
CURRENT ASSETS			
Inventories	13	537,857	575,111
Trade and other receivables	14	217,411	164,722
Other assets	15	34,534	5,088
Cash and bank balances	16	748,661	713,317
		1,538,463	1,458,238
Assts classified as held for sale	40.3	68,237	-
Total Current Assets		1,606,700	1,458,238
Total Assets		2,906,601	2,675,035
Equity and Liabilities			
Capital and reserves			
Share capital	16	108,684	108,684
Share premium	17	160,201	160,201
Fair value reserve	18	18,903	2,027
Treasury shares reserve	19	-	22,376
Retained earnings	20	1,484,324	1,433,865
Equity attributable to owners of the Company		1,772,112	1,727,153
Non-controlling interests in a discontinued operation	21	1,996	2,298
Total equity		1,774,108	1,729,451
Non-current Liabilities			
Deferred Tax liabilities	22	(13,828)	1,954
Retirement benefit obligation	24.3	251,500	205,810
Total non-current liabilities		237,672	207,764
Current liabilities			
Short term loans	24	6,706	6,505
Trade and other payables	25	553,008	403,109
Other liabilities	26	100,428	131,312
Current tax liabilities	27	112,300	121,019
Unclaimed dividend	28	102,792	75,876
Liabilities directly associated with assets classified	38.4	19,587	-
Total current liabilities		894,821	737,821
Total liabilities		1,132,493	945,585
Total equity and liabilities		2,906,601	2,675,035

*The balance sheet for 2011 and 2012 above is based on IFRS while the balance sheet for 2008, 2009 and 2010, based on NGAAP is shown in note 9.6.

HISTORICAL FINANCIAL INFORMATION (CONT'D)

9.2 GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 2011 AND 2012

	Notes	2012 N'000	2011 N'000
REVENUE	6	2,513,664	2,574,359
COST OF SALES		(1,536,612)	(1,605,154)
GROSS PROFIT		977,053	969,205
Other operating income	7	97,624	185,964
Investment income	8	99,820	62,360
Selling and distribution expenses		(153,536)	(174,155)
Administrative expenses		(736,196)	(673,760)
Finance costs		(301)	(289)
Profit before taxation		284,465	369,325
Tax expense	27	(92,456)	(141,509)
Profit for the year		192,009	227,816
Discontinued operation			
Loss before tax from discontinued operation	38	(2,140)	-
Tax expense relating to discontinued operation		(9,931)	-
TOTAL		(12,071)	-
Total profit after tax the year		179,938	227,816
Attributable to:			
Owners of the Company		180,240	227,386
Non-controlling interest in discontinued operation	38	(302)	430
		179,938	227,816
Other comprehensive income net of tax:			
Fair value change on AFS financial assets		18,903	(713)
Actuarial gains/losses		(6,069)	(3,056)
Other comprehensive income net of tax		12,834	(3,769)
Total comprehensive income for the year		193,075	224,047
Attributable to:		193,075	223,617
Owners of the Company	9	(302)	430
Non-controlling interest in discontinued operation		192,773	224,047
Earnings / (loss) per share:			
Continuing operations			
Basic (kobo)	30	83	105
Diluted (kobo)	30	83	105
Discontinued operation			
Basic (kobo)	30	(121)	(172)
Diluted (kobo)	30	(121)	(172)

* The statement of comprehensive income above, is based on IFRS while the profit and loss accounts for the years ended 31 December 2008, 2009 and 2010, based on NGAAP, is shown in note 9.6.

HISTORICAL FINANCIAL INFORMATION (CONT'D)

9.3 GROUP STATEMENT OF CASH FLOWS FOR YEARS ENDED DECEMBER 2011 AND 2012

	NOTES	The Group 2012 N'000	The Group 2011 N'000
Cash Flow from Operating Activities			
Cash Receipts from Customers		2,508,971	2,883,748
Cash paid to suppliers and employees		(2,088,336)	(2,382,331)
Value added tax paid		(49,034)	(46,654)
Tax paid	27	(116,064)	(167,515)
Net Cash flow from Operating activities attributable to discontinued operation	38.2	(4,757)	9,270
Net cash provided by operating activities	29	250,780	296,518
Cashflow from Investing Activities			
Purchase of fixed assets	10	(185,971)	(111,037)
Investment		-	(140,518)
Proceeds from sale of fixed assets		6,896	152
Net Cash flow from Investing activities attributable to discontinued operation		-	-
Net cash used in investing activities		(179,075)	(251,403)
Cash flow from Financing Activities			
Unclaimed dividend		44,000	22,906
Interest and finance charges		(301)	-
Dividend paid		(152,157)	(152,157)
Net interest received		79,300	62,071
Net Cash flow from financing activities attributable to discontinued operation			-
Net cash used in financing activities		(29,158)	(67,180)
Net increase/(decrease) in Cash and Cash equivalents		42,547	(22,065)
Cash/ Cash equivalents at 1 January		713,317	735,382
Cash/ Cash equivalents at 31 December	16 & 38.3	755,864	713,317
Cash and cash equivalents attributable to continuing operations		748,661	713,317
Cash and cash equivalents attributable to discontinued operation		7,203	-

HISTORICAL FINANCIAL INFORMATION (CONT'D)

9.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEARS ENDED DECEMBER 2011 AND 2012

	Share Capital	Share premium	Revaluation Reserve	Retained Earnings	Fair Value Reserve	Treasury Shares Reserve	Non-controlling Interest	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2011	106,684	160,201	838,717	569,062	4,483	(1,029)	1,868	1,681,986
Disposal of Treasury Shares	-	-	-	-	-	1,029	-	1,029
Reclassification of revaluation reserve	-	-	(838,717)	838,717	-	-	-	-
Gain on disposal of treasury shares	-	-	-	-	-	22,376	-	22,376
Reclassification on disposal of AFS financial assets	-	-	-	-	(1,743)	-	-	(1,743)
Transfer from other comprehensive income	-	-	-	-	(713)	-	-	(713)
Dividend paid	-	-	-	(152,157)	-	-	-	(152,157)
Profit (loss) for the year	-	-	-	227,386	-	-	430	227,816
Reclassification of provision under NGAAP	-	-	-	10,100	-	-	-	10,100
Actuarial Adjustment for Defined Benefits plan	-	-	-	(75,563)	-	-	-	(75,563)
Deferred Tax Adjustment	-	-	-	16,320	-	-	-	16,320
Balance at 31 December 2011	108,684	160,201	-	1,433,865	2,027	-	2,298	1,729,451
Disposal of AFS investment	-	-	-	-	(2,027)	-	-	(2,027)
Transfer from other comprehensive income	-	-	-	-	18,903	-	-	18,903
Dividend paid	-	-	-	(152,157)	-	-	-	(152,157)
Profit for the year	-	-	-	180,240	-	-	(302)	179,938
Disposal of treasury shares	-	-	-	22,376	-	(22,376)	-	-
Balance at 31 December 2012	108,684	160,201	-	1,484,324	18,903	-	1,996	1,774,108

9.5 NOTES TO THE FINANCIAL STATEMENTS

1. Description of business

Berger Paints Nigeria Plc was incorporated in Nigeria as a private limited Company in 1959 and was converted to a public liability Company in 1973. Its registered office address is at 102, Oba Akran Avenue, Ikeja Industrial Estate, Ikeja.

The main activities of the Company which operate in Nigeria are the manufacturing and sale of paints and allied products.

1.1 Going concern status

The Company has consistently been making profits. The Directors believe that there is no intention or threat from any source to curtail significantly its line of business in the foreseeable future. Thus, these financial statements are prepared on going concern basis.

1.2 Financial period

These financial statements cover the financial period from 1 January 2012 to 31 December 2012 with comparatives for the year ended 31 December 2011 and opening statement of financial position as at the transition date of 1 January 2011.

2. Operating environment

Emerging markets such as Nigeria are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Nigeria and the country's economy in general.

The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. These conditions could slow or disrupt Nigeria's economy, adversely affect the Company's access to capital and cost of capital for the Company and, more generally, its business, results of operations, financial condition and prospects.

The following new and revised IFRSs have been applied in the current year and have affected the amounts reported in these financial statements.

3. New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

	Effective date
IFRS 9 Financial Instruments	annual periods beginning on or after 1 January 2015
IFRS 10 Consolidated Financial Statements	annual periods beginning on or after 1 January 2013
IFRS 11 Joint Arrangements	annual periods beginning on or after 1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	annual periods beginning on or after 1 January 2013
IFRS 13 Fair Value Measurement	annual periods beginning on or after 1 January 2013
IAS 19 (as revised in 2011) Employee Benefits	annual periods beginning on or after 1 January 2013
IAS 27 (as revised in 2011) Separate Financial Statements	annual periods beginning on or after 1 January 2013
IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures	annual periods beginning on or after 1 January 2013

3. New and revised IFRSs in issue but not yet effective

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The directors anticipate that the standard will be adopted in the Company's financial statements for the annual period beginning 1 January 2015. The application of this standard may have impact on amounts reported in the financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below:

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, pending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time. The directors are of the opinion that these standards will not be applicable to the Company.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that IFRS 13 will be adopted in the Company's financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to IAS 19 will be adopted in the Company's financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Company's defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

4. Significant accounting policies

4.1 Statement consolidated of compliance with IFRSs

The Consolidated financial statements are prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS) and International Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these financial statements. These are the Company's first financial statements prepared in accordance with IFRSs and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

4.2 Basis of preparation

The Consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position :

a. available-for- sale financial assets are measured at fair value.
b. held to maturity financial assets are measured at amortised cost
c. the defined benefit asset is recognized as the net total of the plan assets, plus unrecognised past service cost and unrecognized actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

4.3 Functional and presentation currency

The consolidated financial statements are presented in Nigerian Naira (N), which is the Group's functional currency. All financial information presented in Naira has been rounded to the nearest thousand.

4.4 Basis of consolidation

The Group financial statements for the periods incorporate the financial statements of the Parent Company and its subsidiay (i.e. the discontinued operation) made up to 31 December 2012. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of any subsidiary acquired or disposed of during the year are included in the Group statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the subsidiary are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in the subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non- controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

4.5 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

4.6 Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

4.6.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

4.6.2 Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.7 Rental income

Rental income from letting property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

4.8 Foreign currency translation

For the purpose of this financial statements, the results and financial position of Berger Paints Plc are expressed in Naira, which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the income statement in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

4.9 Pensions and other post-employment benefits

The Company operates a defined contribution based retirement benefit scheme for its staff, in accordance with the Pension Reform Act of 2004 with employee contributing 7.5% and employer contributing 7.5% each of the employee's relevant emoluments. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contribution.

The Company also operates a gratuity scheme for its qualified staff. Benefits are related to the employees' length of service and remuneration. The cost of providing gratuity benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses (if any) are recognised fully in other comprehensive income. Also, past service cost is recognised immediately in profit or loss.

Short term employee benefits:

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service are provided by the employees.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

4.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

4.10.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income/income statement because of items of income or expense that are taxable or deductible in future years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantatively enacted by the end of the reporting period.

4.10.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.11 Property, plant and equipment.

Land and buildings mainly comprise factories, depots, warehouses and offices. All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. All other borrowing costs are expensed in the period in which they are incurred. The Company defines a qualifying asset as an asset that takes more than a year to prepare for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which it is incurred.

Depreciation on property, factory buildings, machinery, vehicles, furniture and equipment is calculated on a straight-line basis at rates deemed appropriate to write off the cost of the assets to their residual values over their expected useful lives.

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost or valuation of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

	%
Leasehold land	2.00
Buildings	5.00
Fixed plant	8.00
Movable plan and laboratory equipment	15.00
Generators	20.00
Motor Cars	25.00
Office equipment, furniture and fittings	12.00
Sales cars and vans	33.33
Trailers	16.33
Computer equipment	50.00

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Profits and losses on disposals of fixed assets are determined by comparing proceeds with the carrying amounts.

These profits and losses are included within 'items of a capital nature' in profit or loss. Properties in the course of construction (capital work-in-progress) are carried at cost, less any recognised impairment losses. Cost includes professional fees and for qualifying assets borrowing costs capitalised in accordance with the Company's accounting policy.

4.12 Borrowing Cost

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds. These include interest expenses calculated using the effective interest rate method, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings' interest cost. Where a range of debt instruments is used to borrow funds, or where the financing activities are coordinated centrally, a weighted average capitalisation rate is applied.

4.13 Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodies in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

4.14 Impairment of tangible and intangible assets excluding goodwill and financial assets.

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease subject to the avaialble surplus in the revaluation reserve.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash- generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.15 Inventories

Inventories are stated in the financial statements at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the Weighted Average Cost Method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Spare parts are valued at the lower of cost and net realisable value. Value reductions and usage of parts are charged to profit or loss. Spare parts that are acquired as part of an equipment purchase and only to be used in connection with this specific equipment are initially capitalised and amortised as part of the equipment.

4.16 Trade receivables

Trade receivables are carried at original invoice amount less any allowance for doubtful debts. Allowances are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade receivable is determined to be uncollectable it is written off, firstly against any allowance available and then to profit or loss. Subsequent recoveries of amounts for whcih a previous allowance was made are credited to the profit or loss. Long-term receivables are discounted where the effect is material. Trade receivables are measured at amortized cost. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4.17 Trade payables

Trade payables are held at amortised cost which equates to nominal value. Long-term payables are discounted where the effect is material.

4.18 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments generally with maturities of three months or less. They are readily convertible into known amounts of cash and have an insignificant risk of changes in value.

4.19 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.20 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

4.20.2 Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

4.20.3 Environmental expenditure

Environmental expenditure related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible is charged to profit or loss. The Company recognize its liability on a site-by-site basis when it can be reliably estimated. This liability includes the Company's portion of the total costs and also a portion of other potentially responsible parties' costs when it is probable that they will not be able to satisfy their respective shares of the clean-up obligation. Recoveries of reimbursements are recorded as assets when virtually certain.

4.21 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

4.21.1 Financial assets

The Company's financial assets are classified into available for sale (AFS) and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

4.21.1.1 Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed equities held by the Company that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of fair value reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in the income statement when the Company's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot

be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

4.21.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include 'trade and other receivables', 'loans to joint ventures' and 'cash and cash equivalents' in the statement of financial position which are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4.21.1.3 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment

For all other financial assets, objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or
– breach of contract, such as a default or delinquency in interest or principal payments; or
– it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
– the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.
For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

4.17.1.4 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

4.21.2 Financial liabilities and equity instruments

4.21.2.1 Classification as debt or equity

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

4.21.2.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

4.21.3 Financial liabilities

The Company's financial liabilities are classified as 'other financial liabilities'.

4.21.3.1 Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are initially measured at fair value. Subsequently they are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

4.21.3.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.22 Segment information

The Company is involved in the manufacture and sale of paints. There is only one business segment and operating results of the segment reported regularly to the Chief Operating Decision Maker (the Chief Executive Officer) for purposes of resource allocation and performance assessment.

4.23 IFRS 1 - First time adoption

As these financial statements represent the initial presentation of Company's results and financial position under IFRS, they were prepared in accordance with IFRS 1, First Time Adoption of International Financial Reporting Standards ("IFRS 1"). IFRS 1 requires retrospective application of all IFRS standards, with certain optional exemptions and mandatory exceptions, which are described further in this Note. The accounting policies described in Note 4 have been applied consistently to all periods presented in the financial statements with the exception of the optional exemptions elected and the mandatory exceptions required. At 1 January 2011 ("the Transition Date"), an opening statement of financial position was prepared under IFRS.

The 2010 financial statements were previously prepared in accordance with Nigerian SAS. In this Note, our transition to IFRS is explained through the following:

i. First time adoption optional exemptions and mandatory exceptions to retrospective application of IFRS. This section describes the standards for which IFRS was not applied retrospectively as available in IFRS.
ii. Reconciliation of total equity and comprehensive income from Nigerian SAS to IFRS. Quantitative and qualitative explanations are included in this section to explain the differences between Nigerian SAS and IFRS in total equity and comprehensive income (see appendix).
iii. Reconciliation of statement of financial position from Nigerian SAS to IFRS This section explains quantitatively and qualitatively the impact and differences between Nigerian SAS and IFRS (see appendix).

4.23.1 First time adoption optional exemption and mandatory exceptions to retrospective application of IFRS

As previously noted, IFRS 1 requires retrospective application of all IFRS standard with certain optional exemptions and mandatory exceptions. The optional exemptions elected and the mandatory exceptions to retrospective application of IFRS are described below and the quantification of these are shown in the appendix.

Optional exemptions

a. Fair value as deemed cost

IFRS 1 provides option to elect to re-measure property, plant and equipment at fair value at the Transition date and use that fair value as their deemed cost. The 'fair value as deemed cost' exemption may be applied on an asset-by-asset basis. This exemption may also be applied to investment property if an entity elects to use the cost model in IAS 40, Investment Property . We had elected to use fair value as deemed cost for certain property, plant and equipment.

b. Employee Benefit

IAS 19 provides the option of recognising all cumulative unamortized actuarial gains and losses in equity at the date of transition. IAS 19, Employee Benefits , requires retrospective application for the recognition of actuarial gains and losses on employee benefits. IFRS 1 provides the option to recognise all deferred cumulative unamortised actuarial gains and losses on defined benefit pension plans and other benefits plans under Nigerian SAS in opening equity at the Transition Date and provide disclosures on a prospective basis. We have taken this option, resulting in the cumulative amount of actuarial losses on our defined benefit pension plans and other benefits plans being recognised in retained earnings at the Transition Date.

c. Leases

IFRIC 4, Determining Whether an Arrangement Contains a Lease, requires an assessment of whether a contract or arrangement contains a lease. The assessment should be carried out at the inception of the contract or arrangement. First-time adopters must apply IFRIC 4, but can elect to make this assessment as of the date of transition based on the facts at that date, rather than at inception of the arrangement. We had elected to take this exception and did not assess arrangement according to IFRIC 4 prior to Transition Date.

d. Fair value measurement of financial assets or financial liabilities at initial recognition
The current guidance in IAS 39 states the transaction price of a financial instrument is generally the best evidence of fair value, unless fair value is evidence by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market
At initial recognition, an entity may recognize as a gain or loss on the difference between this fair value measurement and the transaction price (i.e., ―day one‖ gain or loss) only if the measurement of fair value is based entirely on observable market inputs without modification. Otherwise, IAS 39 does not allow the recognition of a day one gain or loss and force initial recognition at the transaction price, which is considered the best evidence of fair value. Subsequent measurement and recognition would follow the guidance as defined by IAS 39.
We had remeasured certain AFS securities to fair value as of the Transition Date and applied this exemption prospectively.

Mandatory exceptions

e. Estimates
Estimates made in accordance with IFRS at the Transition Date are cosistent with estimates we previously made under Nigerian SAS.

f. Classification and measurement of financial assets
The entity is required to assess whether a financial asset meets the conditions in IAS 39 on the basis of the facts and circumstances that exist at the date of transition to IFRS. We had assessed the classification of our financial assets in line with IAS 39.

g. De-recognition of financial assets and liabilities exception
Financial assets and liabilities derecognized before 1 January 2011 are not re-recognized underIFRS.
All other mandatory exceptions in IFRS 1 were not applicable because there were no significant differences in management's application of Nigerian SAS in these area.

5. Critical accounting judgements and key sources of estimation uncertainty
In the application of the Company's accounting policies, which are described in note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

5.1 Property, plant and equipment
Property plant and equipment represent the most significant proportion of the asset base of the Company, accounting for about 50% of the Company's total assets. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or it's residual value would result in the reduced depreciation charge in the statement of comprehensive income.

The useful lives and residual values of the of property, plant and equipment are determined by management based on historical experience as well as anticipation of future events and circumstances which may impact their useful lives.

5.2 Provision for gratuity
The Company operates an unfunded defined benefit scheme which entitles staff who put in a minimum qualifying working period of five years to gratuity upon leaving the employment of the Company. IAS 19 requires the application of the Projected Unit Credit Method for actuarial valuations. Actuarial measurements involve the making of several demographic projections regarding mortality, rates of employee turnover etc and financial projections in the area of future salaries and benefit levels, discount rate, inflation etc.

5.3 Allowance for doubtful receivables
Judgment is exercised to make allowance for trade receivables doubtful of recovery by reference to the financial and other circumstances of the debtor in question. Based on the credit terms and historical experience regarding trade receivables, the Company makes a collective impairment allowance for doubtful debt.

5.4 Taxation
The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment

cannot be finally determined until resolution has been reached with the relevant tax authority. Under the Nigerian tax system, self-assessment returns are subjected to a desk review for the determination of tax due for remittance in the relevant year of assessment. This is however not conclusive as field audits are carried out within six years of the end of the relevant year of assessment to determine the adequacy or otherwise of sums remitted under self-assessment thus making tax positions uncertain.

5.5 Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

		31/12/2012 N'000	31/12/2011 N'000
6	Revenue		
	The following is an analysis of the Company's revenue for the year:		
	Paints and allied products	2,513,664	2,520,324
	Other	-	54,035
		2,513,664	2,574,359
	Revenue is derived substantially from sales and services rendered in Nigeria.		
7	Other operating income		
	Sale of empty drums/scrap	3,769	2,933
	Rental income	21,149	11,135
	Profit from disposal of fixed assets	5,268	152
	Recovery from excess bank charges	-	20,862
	Other income	698	4,803
	Write back of accruals	17,905	146,078
	Supply and apply income	48,835	-
		97,624	185,964
8	Investment income		
	Interest on fixed deposits	79,300	62,360
	Gain on disposal of AFS investment	13,825	-
	Other investment income	6,695	-
		99,820	62,360
9	Profit for the year from continuing operations		
	Profit for the year from continuing operations is attributable to:		
	Owners of the Company	193,075	223,617
	Non-controlling interests	(302)	430
		192,773	224,047
	Profit for the year from continuing operations has been arrived at after charging (crediting)		
	Depreciation	94,041	89,424
	Directors' emoluments:-		
	Fees	1,850	2,805
	Others	10,595	11,375
	Auditors' remuneration	15,000	14,300
	Write back of accruals	(17,905)	(146,078)
	Employee benefit expense	53,191	40,446
	Profit on disposal of fixed assets	(5,268)	(152)

10. FIXED ASSETS

	Leasehold Land	Building	Plant & Machinery	Furniture, Fixt. & Fittings	Office Equipment	Vehicles	Capital WIP - Abuja	TOTAL
Cost or Valuation:	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
As at 1st January 2012	658,160,000	403,560,449	267,465,090	70,855,025	126,902,954	216,143,970	-	1,743,087,488
Additions	-	-	8,346,051	2,399,200	18,692,377	18,600,000	137,933,648	185,971,275
Disposals		-	(32,506,571)	(27,180,539)	(25,801,691)	(18,744,638)		(104,233,438)
AS AT 31/12/12	658,160,000	403,560,449	243,304,569	46,073,686	119,793,640	215,999,332	137,933,648	1,824,825,325
DEPRECIATION								
As at 1st January 2012	79,026,977	119,605,493	143,000,889	50,222,807	119,806,936	157,175,722	-	668,838,824
Depn charged:	13,187,089	20,217,496	21,744,873	3,755,986	7,855,488	27,280,445	-	94,041,377
Disposals		-	(31,992,071)	(28,047,250)	(22,577,497)	(19,857,054)	-	(102,473,872)
AS AT 31/12/12	92,214,066	139,822,989	132,753,691	25,931,543	105,084,927	164,599,113	-	660,406,329
NET BOOK VALUE 31.12.2012	565,945,934	263,737,460	110,550,878	20,142,143	14,708,714	51,400,219	137,933,648	1,164,418,997
NET BOOK VALUE 31.12.2011	579,133,023	283,954,957	124,464,201	20,636,217	7,096,018	58,968,248	-	1,074,252,664

Assets pledged as security
No Asset of the company was pledged as security for loan during the year ended December 31, 2012.

Capital-work-in-progress
Capital work-in-progress represents assets under construction which are not subject to depreciation. These assets, after completion of construction will be reclassified to the appropriate class of property, plant and equipment.

Impairment of property, plant and equipment
There are no indicators of impairment at the end of the reporting period. Thus, the directors are of the opinion that allowance for impairment is not required. Thus, no impairment is recognized during the period.

11. Available-for-sale investments

	31/12/2012	31/12/2011
	N'000	N'000
At 1 January	142,545	4,715
Investment in ARM Pension Managers	-	140,347
Disposal of Investments	(2,198)	(1,804)
Liquidation of investment	(23,767)	-
Fair value change on investments	18,903	(713)
	135,483	142,545

Investment in ARM Pension Managers relates to investment undertaken by the Company in respect of retirement benefit obligations (gratuity). The investment is being managed by ARM Pension Managers (PFA) Ltd on behalf of the Company. The investment is within the control of the Company and hence does not qualify as plan asset.

12. Inventories

	31/12/2012	31/12/2011
	N'000	N'000
Inventories		
Raw materials	293,224	297,982
Work-in-progress	16,437	18,775
Finished goods	444,433	442,043
Engineering and miscellenous stocks	4,854	3,793
Allowance for obsolete inventories (Note 12.1)	(221,091)	(187,482)
	537,857	575,111

12.1 Allowance for obsolete inventories

Opening b/f	181,997	163,248
Charge for the year	39,094	24,234
Write back during the year	-	-
	221,091	187,482

There was no cost of inventories was recognised as an expense during the year in respect of continuing operations.
No Inventory was pledged as security for loans.

13. Trade and other receivables

Trade receivables	204,045	547,496
Allowance for doubtful debts	(93,132)	(440,175)
	110,913	107,321
Other receivables	106,498	57,401
	217,411	164,722

The average credit period granted to customers is 30 days. No interest is charged on overdue receivables. The Group and Company have recognised an allowance of 100% for all receivables over 180 days, except where recovery is considered probable. The 100% allowance for receivables over 180 days is based on historical experience. The Group and Company do not hold any collateral over these balances.

Before accepting a new customer the Group initially trades with the customer on a cash basis to assess the customer's ability and also to determine the customer's transaction volumes. This enables a reasonable credit limit to be set. Once these are determined the customer is then allowed to apply for a credit facility from the company through a rigorous process with several

levels of approval. Also, credit customers provide bank guarantees before being accepted as credit customers of the Group.

Credit sales form a small portion (less than 30%) of overall sales. The concentration of credit risk is limited due to this fact and the large and unrelated customer base. The company has pledged no trade receivables during the year.

Of the trade receivables balance of the end of the year, the following companies made up the largest customers.

	31/12/2012		31/12/2011	
	N'000	%	N'000	%
ALCON NIGERIA	8,817	4	22,471	4
NIGERIAN ENGINEERING WORKS	3,542	2		0
FIRST ALUMINIUM	2,091	1	11,475	2
TECHLUM	15,599	8	20,871	4
DANGOTE SUGAR	6,710	3		0
DORMANGLONG ENGINEERING	5,860	3		0
SHELL	-	0	8,255	2
CHEVRON	-	0		0
GLOWORLD	-	0	14,829	3
SINOMA	-	0	12,835	2
ASTAC NIGERIA LIMITED	-	0		0

	31/12/2012	31/12/2011
	N'000	N'000
Ageing of past due but not impaired receivables		
31-60 days	57,367	75,122
61-180 days	53,752	31,096
181-365 days	-	-
Total	111,119	106,218
Ageing of impaired trade receivables		
31-60 days	-	-
61-180 days	-	-
181-365 days	92,926	425,383
Total	92,926	425,383
Movement in the allowance for doubtful debts		
Balance at the beginning of the period	422,292	357,604
Amounts written off during the year as uncollectible	(300,078)	-
Amounts recovered during the year	(44,123)	(34,657)
Increase in allowance recognised in profit or loss	15,041	99,345
Balance at the end of the period	93,132	422,292

In determining the recoverability of the trade receivable, the Company consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited because of the customer base being large and unrelated and large credit risks are insured against recoverability. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

	31/12/2012	31/12/2011
	N'000	N'000
14. Other assets		
Prepayments	34,534	5,088
15. Cash and cash equivalent		
Cash on hand	20,013	15,186
Bank balance	183,109	262,925
Bank deposit	545,539	435,206
	748,661	713,317

Included in cash and cash equivalents is a short term bank deposit of 30 day maturity. The carrying amount of this deposit includes the accrued interest as at transition date.

NOTES TO THE FINANCIAL STATEMENTS

16. Share capital	31/12/2012	31/12/2011
	N'000	N'000
Authorised:		
800,000,000 Ordinary Shares of 50k each	400,000	400,000
Issued and fully paid		
217,367,585 Ordinary Shares of 50k each	108,684	108,684
17. Share premium		
At 1 January	160,201	160,201
18. Fair value reserve		
At 1 January	2,027	4,483
Transferred on disposal of AFS investments	(2,027)	(1,743)
Fair value change on AFS investments	18,903	(713)
	18,903	2,027

19. Treasury shares reserve	31/12/2012	31/12/2011
	N'000	N'000
At 1 January	22,376	(1,029)
Disposal of treasury shares	-	1,029
Gain on disposal of treasury shares	-	22,376
Reclassified on disposal	(22,376)	-
	-	22,376
20. Retained earnings		
At 1 January	1,433,865	1,390,081
Reclassification of revaluation reserve	-	-
Dividend paid	(152,157)	(152,157)
Transfer from profit or loss	180,240	227,386
Reclassification of treasury shares on disposal	22,376	-
Reclassification of Provision under NGAAP	-	10,100
Actuarial Adjustment for Defined Benefits Plan	-	(39,348)
Deferred tax adjustment	-	(2,197)
	1,484,324	1,433,865

On 4 July 2012, a dividend of 70k per share (total dividend N152.157 million) was paid to holders of fully paid Ordinary Shares

21. Non-controlling interest		
At 1 January	2,298	1,868
Share of subsidiary/discontinued operation's profit for the year (Note 40.1)	(302)	430
	1,996	2,298
22. Deferred taxes		
At 1 January	1,954	(4,866)
Charge for the year	(15,782)	6,820
	(13,828)	1,954

23. Retirement benefit plans

23.1 Defined contribution plan

The employees of the Company are members of a state arranged Pension scheme (Pension reform act, 2004) which is managed by several private sector service providers. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in the statement of comprehensive income of N14.4m represents contributions payable to these plans by the Company at rates specified in the rules of the plans. As at December 31, 2012, contributions of N3.6m due in respect of October, November, and December 2012 had not been paid over to the plans. The amounts were paid subsequent to 31 December 2012, the end of the reporting period.

23.2 Defined benefit plan

The Company operates an unfunded defined benefit plans for qualifying employees . Under the plans, the employees are entitled to retirement benefits varying between 5 weeks and 10 weeks of final salary on attainment of a retirement age of 50 years and 55 years for Female and Male respectively. No other post-retirement benefits are provided to these employees.
The most recent actuarial valuations of the present value of the defined benefit obligation were carried out in March 2013 by HR Nigeria Limited. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purpose of the actuarial valuations were as follows

	Valuation at	
	31.12.2012	31.12.2011
	%	%
Discount rate	13	13
Expected rate(s) of salary increases	12	12
Expected return on reimbursement rights	-	-
Other(Rate of Inflation per annum)	10	10

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	31/12/2012	31/12/2011
	N'000	N'000
Current service cost	26,588	23,297
Interest on obligation	26,603	19,623
Expected return on reimbursement rights	-	-
Actuarial (gains)/losses recognised in the year	6,069	3,056
Past service cost	-	-
Losses/(gains) arising from curtailments or settlements	-	-
Adjustments for restrictions on the defined benefit asset	-	-
	59,260	45,976

Of the expense for the year, N=5.2 million has been included in profit or loss in the statement of comprehensive income as cost of sales and N=53.8 million has been included in administrative expenses. Actuarial gains and losses have been reported in other comprehensive income.

The amount included in the statement of financial position arising from the Company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	31/12/2012 N'000	31/12/2011 N'000
Present value of defined benefit obligations	135,003	140,347
(Deficit)/Surplus in scheme	251,500	205,810
Past service cost not yet recognised in statement of financial position.	-	-
Net obligations recognised in the statement of financial position.	251,500	205,810

Movements in the present value of defined benefit obligations were as follows:

At 1 January	205,810	166,462
Service cost	53,192	42,920
Actuarial gains and losses	6,069	3,056
Benefits paid	-13,570	-6,628
Past service cost	-	-
Acquisition of subsidiary	-	-
	251,500	205,810

	12/31/2012 N'000	12/31/2011 N'000
24. Short term loans		
Balance	6,706	6,505

These represent ex-staff members 'entitlements which were converted to loans by the entity at an interest rate of 4%. The loans are inclusive of the accrued interest at the end of the reporting period.

25. Trade and other payables

Trade creditors	313,129	249,457
Due to discontinued operations	58,627	-
Accruals	79,335	62,119
Withholding taxation	2,916	3,848
Value added taxation	13,496	23,771
Other creditors	85,505	63,914
	553,008	403,109

The average credit period on purchases is 30 days. No interest is charged on trade payables. The Company have financial risk management policies in place to ensure that all payables are paid within a reasonable time of the credit time frame.

HISTORICAL FINANCIAL INFORMATION (CONT'D)

NOTES TO THE FINANCIAL STATEMENTS

26. Other liabilities

	31/12/2012 N'000	31/12/2011 N'000
Advance interest received	21,489	-
Advance rent received	27,240	26,222
Deposits from customers	51,699	105,090
	100,428	131,312

27. Current tax liabilities

27.1 Per Statement of Comprehensive Income

Income tax	100,264	110,639
Education tax	7,974	9,484
	108,238	120,123
Deferred Tax Adjustments	-	19,189
Deferred tax (Note 27.3)	(15,782)	(2,197)
	92,456	141,509

27.2 Per statement of financial position

At 1 January	120,126	181,578
Charge for the year	108,238	120,123
Payments during the year	(106,411)	(167,515)
WHT credit utilized	(9,653)	(13,167)
	112,300	121,019

The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21 LFN 2004, the Education Tax Act CAP E4, LFN 2004. Corporation tax and education tax is calculated at 30 % and 2% respectively of the estimated taxable profit for the year. The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2012 N'000	2011 N'000
Profit before tax on continuing operations	284,465	381,501
Corporation tax @30%	85,340	114,450
Education tax @2%	7,974	9,230
Tax at the statutory corporation tax rate on capital gain	-	-
Tax effect of expenses that are not deductible in determining taxable profit	6,169	5,358
Tax effect of income not taxable in determining taxable profit	(8,126)	(11,470)
Tax effect of utilisation of tax losses not previously recognized	-	-
Change in recognised deferred tax liabilities	-	-
Effect of capital allowance overclaimed	-	954
Effect of IFRS Adjustments	(1,638)	(1,178)
	89,719	117,344
Effective tax rate	31	31

	2012	2011
	N'000	N'000
27.3 Income taxes relating to continuing operations		
Income tax recognized in profit or loss		
Current tax		
Current tax expense in respect of the current period:		
Current tax expense in respect of the current period:		
Company income tax payable	100,264	106,833
Arising on acturial (gains)/losses on staff retirement benefit		
Education tax payable	7,974	9,230
Captal gains tax	-	-
Industrial training levy	-	-
Adjustments recognized in the current period in relation to the current tax		
Adjustments recognized in the current period in relation to the current tax	-	-
	108,238	116,064
Deferred tax		
Deferred tax expense recognized in the current period	(18,520)	1,280
Deferred tax reclassified from equity to profit or loss (if any)	-	-
Write-downs (reversals of previous write-downs) of deferred tax assets	-	-
Adjustments recognized in the current period in relation to the deferred tax		
Adjustments recognized in the current period in relation to the deferred tax	-	-
	(18,520)	1,280
Total income tax expense recognized in the current period relating to continuing operations	89,718	117,344

*Deferred tax asset is recognised to the extent that there is probability of future taxable profits or taxable temporary difference available for offset

27.4 Current tax assets and liabilities	2012	2011
	N'000	N'000
Current tax assets	-	-
Tax Refund Receivable	-	-
Current Tax Liabilities	-	-
Income Tax Payable	100,264	116,064
	100,264	116,064

HISTORICAL FINANCIAL INFORMATION (CONT'D)

NOTES TO THE FINANCIAL STATEMENTS

27.5 Deferred Tax

The following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position:

	2012	2011
	N'000	N'000
Deferred tax liabilities	59,800	59,784
Deferred tax assets	(73,628)	(57,830)
Arising on acturial (gains)/losses on staff retirement benefit	(13,828)	1,954

	Opening Balance	Recognized in profit or loss	Recognized in other comprehen sive income	Recognised directly in equity	Reclassificatio n from equity to profit or loss	Closing Balance
	N'000	N'000	N'000	N'000	N'000	N'000
2012						
Deferred tax (liabilities)/assets in relation to:						
Property, plant and equipment	58,867	(2,759)	-	-	-	56,109
Provisions	(57,830)	(15,797)	-	-	-	(73,627)
Exchange difference	-	36	-	-	-	36
Acturial (gains)/losses on staff retirement benefit plan	917	-	2,738	-	-	3,655
	1,955	(18,520)	2,738	-	-	(13,827)
2011						
Deferred tax (liabilities)/assets in relation to:						
Property, plant and equipment	49,696	9,171	-	-	-	58,867
Provisions	(49,939)	(7,891)	-	-	-	(57,830)
Acturial (gains)/losses on staff retirement benefit plan	-	-	917	-	-	917
	(243)	1,280	917	-	-	1,955

Movement at a glance

	2012	2011
	N'000	N'000
Deferred tax (liabilities)/assets		
Opening balance	1,955	(243)
Recognised in profit or loss	(18,520)	1,280
Relating to adjustments to IFRS	2,738	917
Relating to reclassifications	-	-
Closing balance	(13,827)	1,955

HISTORICAL FINANCIAL INFORMATION (CONT'D)

NOTES TO THE FINANCIAL STATEMENTS

	12/31/2012	12/31/2011
	N'000	N'000
28 Unclaimed dividend		
At 1 January	75,876	52,970
Additions	26,916	22,906
	102,792	75,876

	12/31/2012	12/31/2011
29 Reconciliation of net income to net cash flow from operating activities		
Profit after taxation	179,938	227,816
Adjustments to reconcile net income to net cash provided:		
Depreciation	94,041	89,424
Derecognition of gains on disposal of treasury shares	-	22,376
Net interest income	(79,300)	(62,071)
Profit on disposal of fixed assets	(5,268)	(152)
Changes in assets and liabilities:		
Increase in stocks	37,254	(31,930)
Decrease/(increase) in trade debtors	(3,592)	99,817
Decrease in other debtors and prepayments	(78,543)	4,617
Increase/(decrease) in trade creditors	63,672	99,299
(Decrease)/increase in due to discontinued operation	-	-
(Decrease)/increase in accruals and other creditors	14,186	(123,604)
Increase in gratuity provisions	45,690	10,100
Increase/(decrease) in deferred taxation	(15,782)	21,386
(Decrease)/increase in income tax	(8,719)	(60,559)
Total adjustments	95,203	68,703
Net cash flow from operating activities attributable to continuing operations	243,577	296,519
Net cash flow from operating activities attributable to discontinued operation	7,203	-
Net cash flow from operating activities	250,780	296,519

30 Earnings per share

30.1 Continuing operations

The earnings and weighted average number of Ordinary Shares used in the calculation of basic earnings per share are as follows:

	12/31/2012 N'000	12/31/2011 N'000
Basic EPS		
Profit for the year attributable to owners of the Company	180,240	227,386
Weighted average number of Ordinary Shares ('000)	217,368	217,368
Basic earnings per share	83	105
Diluted EPS		
The earnings and weighted average		
Earnings used in the calculation of diluted earnings per share	180,240	227,386
Weighted average number of Ordinary Shares ('000)	217,368	217,368
Diluted earnings per share (kobo)	83	105

30.2 Discontinued Operations	12/31/2012 N'000	12/31/2011 N'000
Basic EPS		
Profit for the year attributable to owners of the Company	(12,071)	(17,198)
Weighted average number of Ordinary Shares ('000)	10,000	10,000
Basic earnings per share	(121)	(172)
Diluted EPS		
The earnings and weighted average		
Earnings used in the calculation of diluted earnings per share	(12,071)	(17,198)
Weighted average number of Ordinary Shares ('000)	10,000	10,000
Diluted earnings per Share (kobo)	(121)	(172)

31 Contingent liabilities

There was a pending legal action totalling N145 million against the Company in court of law in the ordinary course of business. The Board filed counter-claims in connection therewith. The High Court of Lagos State ordered discontinuation of the suit No.ID/1261/04 by the order dated 9th May, 2012 and struck out the suit, without any liability to the Company. There was no other Contingent liability for the year ended December 31, 2012.

32 Related party transactions

32.1 Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	12/31/2012 N'000	12/31/2011 N'000
Short-term benefits	30,778	21,641

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

32.2 Loans to Management Staff:	Interest rate	Amount	Repayments	Balance 12/31/2012 N'000	Balance 12/31/2011 N'000
Total loans granted	15%	20,311	2,539	17,772	-

33 Events after the reporting period

There were no events after the reporting date that could have had a material effect on the financial statements of the Company that had not been provided for or disclosed in the financial statements.

34 Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remained unchanged since 2011.

The capital structure of the Company consists of debt (which includes the borrowings disclosed in note 26) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the relevant notes in the financial statements.

The Company is not subject to any externally imposed capital requirements.
The management of the Company reviews the capital structure on a frequent basis to ensure that gearing is within acceptable limit.

Gearing ratio

The gearing ratio at the year end is as follows:

	12/31/2012 N'000	12/31/2011 N'000
Debt	6,706	6,505
Equity	1,776,938	1,778,594
Net debt to equity ratio	0.38%	0.37%

I. Debt is defined as current- and non current term borrowings.

II. Equity includes all capital and reserves of the Company that are managed as capital.

35 Categories of financial instruments

	Loans and advances N'000	available for sale N'000	Non-financial N'000	Total N'000
Assets				
Cash and bank balances	748,661	-	-	748,661
			-	
Trade and other receivables	110,914	-	106,498	217,412
Other assets	-	-	34,534	34,534
Inventories	-	-	537,857	537,857
Available for sale investment	-	-	135,483	135,483
Property, plant and equipment	-	-	1,164,418	1,164,418
Assets classified as held for sale	7,203	-	61,032	68,235
At 31 December 2012	866,778		2,039,822	2,906,600

	Amortized cost N'000	Non-financial N'000	Total N'000 N'000
Liabilities			
Borrowings	6,706	-	6,706
Trade and other payables	371,756	181,252	553,008
Other liabilities	-	100,428	100,428
Current tax liabilities	-	112,300	112,300
Liabilities held for sale in a discontinued operation	-	19,587	19,587
Dividend payable	-	102,792	102,792
Deferred tax liabilities	-	(13,828)	(13,828)
Retirement benefit obligations	-	251,500	251,500
At 31 December 2012	378,462	754,031	1,132,493

35 Categories of financial instruments (cont'd)

	Loans and advances N'000	Available for sale N'000	Non-financial N'000	Total N'000
Assets				
Cash and bank balances	713,317	-	-	713,317
Trade and other receivables	107,321	-	57,401	164,722
Other assets	-	-	5,088	5,088
Inventories	-	-	575,111	575,111
Investment in subsidiary	-	-	142,545	142,545
Available for sale investment				
Property, plant and equipment	-	-	1,074,252	1,074,252
At 31 December 2012	820,638		1,854,397	2,675,035

	Amortized cost N'000	Non-financial N'000	Total N'000
Liabilities			
Short-term loan	6,505	-	6,505
Trade and other payables	249,457	153,652	403,109
Other liabilities	-	131,312	131,312
Current tax liabilities	-	121,019	121,019
Dividend payable	-	75,876	75,876
Deferred tax liabilities	-	1,954	1,954
Retirement benefit obligations	-	205,810	205,810
At 31 December 2012	255,962	689,623	945,585

36 Risk management

Risk management roles and responsibilities are assigned to stake holders in the company at three levels: The board, executive committee and line managers.

The Board oversight is performed by the Board of Directors through Board Committes - Finance & Control Systems, Strategy & Direction.

The second level is performed by the Executive Management Committee (EXCOM)

The third level is performed by all line managers under EXCOM and their direct reports. They are required to comply with all risk policies and procedures and to manage risk exposures that arise from daily operations.

The Internal Audit Department provides an independent assurance of the risk framework. They assess compliance with established controls and recommendations for improvement in processes are escalated to relevant management, Audit Committee and Board of Directors.

The Company monitor and manage financial risks relating to its operations through internal risk report which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

36.1 Market risk

The Company's activities expose it primarily to financial risks of changes in foreign currency exchange rates and interest rates.

Market risks exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

36.1.1 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company is mainly exposed to EURO, GBP and USD.

The following table details the Company's sensitivity to a 3%, increase and decrease in Naira against EURO, GBP and USD currencies. Management believes that a 3% movement in either direction is reasonably possible at the balance sheet date. The sensitivity analyses below include outstanding EURO, GBP and US dollar denominated assets and liabilities. A positive number indicates an increase in profit where Naira strengthens by 3% against the EURO, GBP and USD. For a 3% weakening of Naira against the EURO, GBP and USD there would be an equal and opposite impact on profit, and the balances below would be negative.

	12/31/2012	12/31/2011
	N'000	N'000
Naira strengthens by 3% against:		
USDollar	(7.27)	(16.86)
GBP	(2.04)	-
EURO	(0.17)	(25.32)
Profit / (loss)	(9.48)	(42.17)
Naira weakens by 3% against the US dollar		
USDollar	7.27	16.86
GBP	2.04	-
EURO	0.17	25.32
Profit / (loss)	9.48	42.17

36.2 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available, and if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the executive committee periodically.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The carrying value of the Company's financial assets represents its maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	12/31/2012	12/31/2011
	N'000	N'000
Trade receivables	110,913	107,321

The maximum exposure to credit risk for trade receivables at the reporting date by type of receivables was:

Parastatals/Government	-	-	-
Corporates	110,913	107,321	207,138
SMEs	-	-	-
	110,913	107,321	207,138

Impairment losses

The ageing of trade receivables of the Company as on the reporting date was as follows:

	12/31/2012		12/31/2011	
	N'000	N'000	N'000	N'000
	Gross	Impairment	Gross	Impairment
Group				
Not past due	-	-	-	-
Past due 0–30 days	-	-	-	-
Past due 30–60 days	-	-	-	-
Past due 60 - 90 days	-	-	-	-
Past due 90 – 180 days	-	-	-	-
Past due more than 180 days	-	-	-	-
	-	-	-	-

36.3 Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium-and long- term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

36.3.1 Maturity Analysis of financial liabilities

The following tables details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	0-3 months N'000	3-6 months N'000	6-12 months N'000	12-24 months	above 24 months N'000	Total N'000
Group						
31/12/2012				-		
Short term borrowings	-	-	6,706	-	-	6,706
Trade payables	-	-	313,129	-	-	313,129
	-	-	319,835	-	-	319,835
31/12/2011						
Short term borrowings	-	-	6,505	-	-	6,505
Trade payables	-	-	249,457	-	-	249,457
	-	-	255,962	-	-	255,962

37 Fair value of financial instruments

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

	Carrying amount		Fair Value	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
	N'000	N'000	N'000	N'000
Group				
Financial Asset				
Available for sale financial assets	135,483	142,545	135,483	142,545
Trade receivables	204,045	107,321	110,913	107,321
Cash and bank balances	748,661	713,317	748,661	713,317
Financial Liabilities				
Short term borrowings	6,706	6,505	6,706	6,505
Trade payables	371,756	249,457	371,756	249,457

37.1 Fair value hierarchy

The following table classifies financial assets and liabilities that are recognized on the balance sheet at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level2-Inputs other than quoted prices included within level1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

	12/31/2012	12/31/2011
	N'000	N'000
Group		
Financial assets		
Level 1		
Available for sale-quoted	135,483	142,545
	135,483	142,545
Level 2		
	-	-
Level 3		
Trade receivables	110,913	107,321
	110,913	107,321
Total	246,396	249,866
Financial liabilities		
Level 1		
	-	-
Level 2		
	-	-
Level 3		
Short-term loans	6,706	6,505
Trade payables	371,756	249,457
	378,462	255,962
Total	378,462	255,962

38 Discontinued operation

On November 30 2012, the Directors of Berger Paints Nigeria Plc discontinued the operations of its subsidiary, Robbialac Nigeria Ltd. The discontinuation of operations is consistent with the Company's long-term policy to focus its activities on paints manufacturing. The assets and liabilities of the subsidiary will be transferred to the Company in the following reporting year at their carrying amounts. The Company has not recognised any impairment losses in respect of the subsidiary, neither when the operation was reclassified as held for sale nor at the end of the reporting period.

38.1 Analysis of profit or loss for the year from the discontinued operation

The results of the discontinued operations included in the statement of comprehensive income are set out below:

	31/12/2012	31/12/2011
	N'000	N'000
Revenue	177,231	198,796
Cost of sales	(154,011)	(189,192)
Gross profit	23,220	9,604
Expenses	(25,360)	(21,555)
Profit before taxation	(2,140)	(11,951)
Tax expense	(9,931)	(5,247)
Profit after taxation	(12,071)	(17,198)
Profit/(loss) attributable to the discontinued operation:		
Owners	(11,769)	(16,768)
Non-controlling interest	(302)	(430)
	(12,071)	(17,198)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2012

	31/12/2012 N'000	31/12/2011 N'000
38.2 Cash flows from discontinued operations		
Net cash inflows from operating activities	(4,757)	9,270
Net cash inflows from investing activities	-	-
Net cash outflows from financing	-	-
Net cash flows	(4,757)	9,270
38.3 Assets of the discontinued operation classified as held for sale		
Property, plant and equipment	2	2
Inventories	-	14,713
Trade and other receivables	2,405	1,443
Due from related company	58,627	48,393
Bank balances and cash	7,203	11,960
	68,237	76,511
38.4 Liabilities of the discontinued operation classified as held for sale		14,902
Other payables	14,748	14,902
Current tax liabilities	4,839	890
	19,587	15,792

HISTORICAL FINANCIAL INFORMATION (CONT'D)

9.6 BALANCE SHEET AS AT DECEMBER 2008, 2009, 2010 (NGAAP)

	2010	2009	2008
	N'000	N'000	N'000
Property, Plant and Equipment	1,052,639	1,060,862	1,093,009
Investment in subsidiary	-	-	-
Available-for-sale investment	-	-	-
	1,052,639	1,060,862	1,093,009
CURRENT ASSETS			
Stocks	543,181	307,588	339,030
Trade Debtors	207,138	206,256	172,313
Other Debtors and prepayments	67,106	77,660	68,128
Short term investments	538,299	-	-
Cash and bank balances	197,083	628,913	368,208
TOTAL CURRENT ASSETS	1,552,807	1,220,417	947,679
CREDITORS:			
Amounts failing due within one year			
Trade creditors	150,158	164,770	170,718
Due to subsidiary	-	-	-
Other creditors and accruals	404,828	406,817	318,224
Taxation	181,578	120,504	102,804
Unclaimed Dividends	53,970	41,626	41,885
	789,534	733,717	633,631
NET CURRENT ASSETS	763,273	486,700	314,048
TOTAL ASSETS LESS CURRENT LIABILITIES	1,815,912	1,547,562	1,407,058
	-7,133	-109,897	-109,897
Deferred Taxation			
PROVISIONS FOR LIABILITIES AND CHARGES			
Gratuity	-130,247	-92,912	-80,474
NET ASSETS	1,678,532	1,344,753	1,216,687
CAPITAL AND RESERVES			
Share Capital	108,684	108,684	108,684
Share premium	160,201	160,201	160,201
Revaluation reserve	838,717	838,717	838,717
General reserve	-	-	-
Revenue reserve	569,062	235,471	106,847
	1,676,664	1,343,073	1,214,449
SHAREHOLDERS' FUNDS			
NON-CONTROLLING INTEREST	1,868	1,680	2,238
	1,678,532	1,344,753	1,216,687

HISTORICAL FINANCIAL INFORMATION (CONT'D)

9.7 PROFIT AND LOSS AS AT DECEMBER 2008, 2009, 2010 (NGAAP)

	2010 N'000	2009 N'000	2008 N'000
TURNOVER	2,756,608	2,379,847	2,534,721
COST OF SALES	(1,532,053)	(1,396,414)	(1,581,378)
GROSS PROFIT	1,224,555	983,433	953,343
EXPENSES			
Distribution Expenses	(56,998)	(158,642)	(139,172)
Administrative Expenses	(579,373)	(602,681)	(541,880)
Advertising, Marketing and Selling Expenses	(164,373)	(77,951)	(82,848)
Interest Income	78,907	48,378	14,145
Interest payable and similar charges	(420)	(1,045)	(1,158)
Other Operating Income	17,599	131,375	42,399
Profit on Ordinary activities before taxation	519,897	322,867	244,829
Taxation	(77,434)	(129,591)	(96,088)
Profit after taxation and before extraordinary income	442,463	193,276	148,741
Extraordinary Income	-	-	56,892
Profit after taxation and extraordinary income	442,463	193,276	205,633
Basic earnings per 50k share	203	89	95

HISTORICAL FINANCIAL INFORMATION (CONT'D)

9.8 STATEMENT OF CASH FLOW AS AT DECEMBER 2008, 2009, 2010 (NGAAP)

	2010	2009	2008
	N'000	N'000	N'000
Cash Flow from Operating Activities			
Cash Receipts from Customers	2,839,223	2,452,905	2,634,013
Cash paid to suppliers and employees	(2,440,557)	(1,925,496)	(2,191,828)
Value added tax paid	(82,523)	(52,712)	-
Tax paid	(119,611)	(111,891)	(94,894)
Net Cash flow from Operating Activities	196,532	362,806	347,291
Cashflow from Investing Activities			
Purchase of fixed assets	(72,135)	(84,020)	(46,926)
Proceeds from sale of fixed assets	925	5,457	1,867
Net Cash flow from Investing Activities	(71,210)	(78,563)	(45,059)
Cash flow from Financing Activities			
Loans repaid	-	(5,402)	(4,574)
Unclaimed dividend paid	11,344	(259)	(115)
Dividend paid	(108,684)	(65,210)	-
Investment	-	-	-
Net interest received	78,487	47,333	12,986
Net cash flow from Financing Activities	(18,853)	(23,538)	8,297
	106,469	260,705	310,529
Net increase in Cash and Cash equivalents			
Cash/ Cash equivalents at 1 January	628,913	368,208	57,678
Cash/ Cash equivalents at 31 December	735,382	628,913	368,208

10.0 FINANCIAL FORECAST

10.1 Letter from the Company on Profit Forecast

June 10, 2013

The Directors
Meristem Securities Limited
124, Norman Williams Street
South West, Ikoyi
Lagos.

And

The Directors
CardinalStone Partners Limited
5, Okotie Eboh Street
Ikoyi
Lagos.

Dear Sirs,

REPORT ON FINANCIAL FORECAST

The Directors of Berger Paints Nigeria Plc hereby present the financial forecasts of the Company for the years ending December 31, 2013, 2014, 2015, 2016 and 2017. The Directors are of the opinion that based on the assumptions sated and excluding all unforeseen circumstances, the Company's profit before tax will be ₦482.9 million, ₦631.1 million, ₦703.1 million, ₦796.6 million and ₦878.1 million in 2013, 2014, 2015, 2016 and 2017 respectively.

The Directors confirm that the Company's financial forecast have been complied based on the assumptions made by the Board and do take responsibility for same.

Yours faithfully,
For: Berger Paints Nigeria Plc

TOR NYGARD	ONYEBUCHI ROBERT
MANAGING DIRECTOR	FINANCE & ACCOUNTS MANAGER

FINANCIAL FORECAST

10.2 BASES AND ASSUMPTIONS

The forecast have been arrived at on the following bases and assumptions:

BASES: The profit forecast for the year ending December 31, 2013, 2014, 2015, 2016 and 2017 have been prepared on the assumption that Berger Paints Nigeria Plc will continue to operate on a basis consistent with the accounting policies normally adopted by the Company.

Assumptions- The following underlying assumptions have been used for the Company's profit forecast:

1. Turnover: Turnover is expected to grow by 18% in 2014, 12% in 2015 and 11% in year 2016 and 2017. This is based on assumption that Berger Paint's market share for all line of products and expected growth in market size are maintained.

2. Cost of Sales: The cost of sales are expected to increase by 18% in 2014, 12% in 2015 and 11% in year 2016 and 2017.

3. Gross profit: Gross profit is expected to grow in line with the growth in Turnover. i.e. 18% in 2014, 12% in 2015 and 11% in year 2016 and 2017.

4. Other operating income: Other income is made up of other rent received, profit on supply and apply projects, Disposal of assets and scraps. It is expected to grow by 10% in 2014 and 2016 and also to decline by 5% in 2015 and 2017 respectively.

5. Net interest expenses: This is projected to increase by 10% all years.

6. Operating expenses: It is expected that operating expenses would grow by 10% in all the years respectively.

7. Tax: Taxation is projected based on profit generated by the company at the rate of 32% i.e. 30% for company income tax and 2% for education tax.

8. Dividend: Dividend distribution to the shareholders is recognized in the company's financial statements in the period in which dividends are approved by shareholders.

9. Macro-economic indicators:

   i The exchange rates are estimated to average =N160 to $1 over the forecast period.

   ii The company's accounting policies will not change through the forecast period; and

   iii Stable political and economic environment are expected to prevail during the forecast period.

10. It is assumed that the Right share issue at 1:3 at N=7.50 each share (50 kobo per share with N=7.00 pre equity share premium) is fully completed and the funds are invested for modernisation of the plant prior to 31st July, 2013.

11. It is assumed that N=150 million is invested into fixed plant out of operating cash inflow while N=500 million is out of right shares @ N=7.50/- per share fully paid.

FINANCIAL FORECAST

10.3 PROFIT FORECAST PREPARED BY COMPANY FOR THE YEARS ENDING DECEMBER 2013 - 2017

	2013 N'000	2014 N'000	2015 N'000	2016 N'000	2017 N'000
Sales Volume	5,014	5,833	6,419	7,138	7,923
Net Turnover	3,568,158	4,195,000	4,684,000	5,215,000	5,788,650
Distribution cost	(53,352)	(58,687)	(64,556)	(71,012)	(78,113)
Discount, Rebates and Commissions	(50,591)	(55,650)	(61,215)	(67,336)	(74,070)
Net Sales Revenue	3,464,215	4,080,663	4,558,229	5,076,652	5,636,468
Cost of Sales					
Raw Materials Consumed & Factory OH	(2,247,940)	(2,642,850)	(2,950,920)	(3,285,450)	(3,646,850)
Gross Profit	1,320,218	1,552,150	1,733,080	1,929,550	2,141,801
Fixed Operating Overheads					
Administration	(695,719)	(765,291)	(841,820)	(926,002)	(1,018,602)
Marketing	(35,491)	(39,040)	(42,945)	(47,239)	(51,963)
Selling	(53,625)	(58,988)	(64,887)	(71,375)	(78,513)
Financial	(8,089)	(8,898)	(9,787)	(10,766)	(11,843)
Depreciation	(42,141)	(46,355)	(50,990)	(56,089)	(61,698)
Total Cost of Operations (1 to 6)	(3,186,947)	(3,675,758)	(4,087,119)	(4,535,269)	(5,021,650)
Operating Profit	381,211	519,242	596,881	679,731	767,000
Other Income	101,728	111,901	106,306	116,936	111,090
Profit Before Tax	482,939	631,143	703,187	796,668	878,089
Provision for Tax	(154,541)	(201,966)	(225,020)	(254,934)	(280,989)
Profit After Tax	328,399	429,177	478,167	541,734	597,101
Dividend	202,877	202,877	289,824	289,824	289,824
Number of Shares Issued and fully paid	289,824	289,824	289,824	289,824	289,824
Earnings per share (Kobo)	113	148	165	187	206
Dividend per Share Kobo	70	70	100	100	100

11.0 STATUTORY AND GENERAL INFORMATION

11.1 INCORPORATION AND SHARE CAPITAL HISTORY

Berger Paints Nigeria Plc was incorporated as British Paints (W.A) Limited on January 9, 1959. It commenced business in 1961 by importing Paints from its principal partners in the United Kingdom. In March 1962, Berger commissioned its factory in Lagos, Nigeria, which was the first paints factory in the country. Berger was the first paints manufacturing company to be quoted on the Nigerian Stock Exchange, March 14, 1974.

The Company was incorporated with an initial authorized share capital of ₦500,000.00 divided into 500,000 Ordinary Shares of ₦1.00 each. As at the date of this Circular, the authorized Share Capital of the Company is ₦400,000,000 comprising 800,000,000 Ordinary Shares of 50 kobo each, while the issued and paid up capital is ₦108,683,793 comprising 217,367,585 Ordinary Shares of 50 kobo each.

The initial share capital at incorporation and subsequent changes thereon are summarised below:

YEAR	AUTHORISED		ISSUED & FULLY PAID-UP (₦)		CONSIDERATION
	VALUE (₦)	SHARES	VALUE (₦)	SHARES	
January-1959	500,000	500,000	-	-	Initial share capital
April-1961	500,000	500,000	50,000	50,000	Goodwill
February-1962	500,000	500,000	437,514	437,514	Cash
June-1972	1,600,000	3,200,000	437,514	875,028	Increase in authorised share capital
August-1972	1,600,000	3,200,000	531,514	1,063,028	Assets purchased
December-1972	1,600,000	3,200,000	863,704	1,727,408	Bonus (2:3)
May-1976	6,000,000	12,000,000	863,704	1,727,408	Increase in authorised share capital
May-1980	7,200,000	14,400,000	7,200,000	14,400,000	Bonus (1:2)
June-1986	10,800,000	21,600,000	10,800,000	21,600,000	Bonus (1:2)
May-1989	16,200,000	32,400,000	16,200,000	32,400,000	Bonus (1:2)
May-1990	21,600,000	43,200,000	21,600,000	43,200,000	Cash
May-1992	58,200,000	116,400,000	36,600,000	73,200,000	Cash
May-1995	76,500,000	153,000,000	54,900,000	109,800,000	Bonus (1:2)
June-1999	109,800,000	219,600,000	94,382,467	188,764,934	Right Issue (1:3)
June-1999	109,800,000	219,600,000	94,382,467	188,764,934	Public offer
June-2001	109,800,000	219,600,000	108,683,793	217,367,585	Bonus (1:7)
June-2004	160,000,000	320,000,000	108,683,793	217,367,585	Increase in authorised share capital
July-2008	400,000,000	800,000,000	108,683,793	217,367,585	Increase in authorised share capital

STATUTORY AND GENERAL INFORMATION

11.2 SHAREHOLDING STRUCTURE

As at December 31, 2012, the fully paid up Ordinary Share Capital of the Company was ₦108,683,793 divided into 217,367,585 Ordinary Shares of 50 kobo each and were beneficially held as follows:

SHAREHOLDER	NO OF SHARES HELD	SHARE HOLDING %
CAB (Overseas Holdings) Limited UK	24,473,259	11.26
Other Shareholders	192,894,326	88.74
Total	217,367,585	100

11.3 DIRECTORS' BENEFICIAL INTERESTS

The direct and indirect interests of the Directors of Berger Paints Nigeria Plc in the issued share capital of the Company as recorded in the Register of members as at March 21, 2013 and as notified by them for the purpose of section 275 (1) of the Companies & Allied Matters Act Cap C20 LFN 2004 are as follows:

S/N	NAME OF DIRECTOR	DIRECT HOLDINGS	INDIRECT HOLDINGS	TOTAL	SHARE HOLDING (%)
1.	Clement A. Olowokande	5,489,614	2,857,884	8,347,498	3.84
2.	Tor Nygard	394,308	-	394,308	0.18
3.	Balram D. Datwani	-	-	-	-
4.	Abi Ayida	469,201	-	469,201	0.22
5.	Musa Danjuma	661,981	-	661,981	0.30
6.	Olawale O. Akinpelu	148,630	-	148,630	0.07
7.	Raymond C. Obieri	-	1,000,000	1,000,000	0.46
8.	Nelson C. Nweke	-	-	-	-
9.	Oladimeji Alo	-	-	-	-

- Clement A. Olowokande is the beneficial owner of the 2,044,654 and 813,230 Ordinary Shares held by CAFAO Nigeria Limited and CAF Business Education respectively.

- Mr. Raymond Obieri is a beneficial owner of the 1,000,000 Ordinary Shares held by Harmony Trust and Investment Company Limited.

11.4 SUBSIDIARIES AND ASSOCIATED COMPANIES

Prior to the date of this Circular, the Company owned 97.5% of Robbialac Nigeria Limited but as at the December 31, 2012, the aforementioned has been categorised has a discontinued operation and currently undergoing the process of liquidation.

11.5 CLAIMS AND LITIGATION

The Company in its ordinary course of business is currently involved in four (4) suits. Two of these suits are instituted against the Company with a total estimated claim of ₦6,200,000 and $22,000. The other two (2) suits are instituted by Berger and the claims are for payment of goods supplied and an allegation of infringement on three(3) of its trademarks. The Solicitors are of the opinion that the contingent liability that may arise from the cases pending against the Company is not material to the Company or the Issue.

11.6 STATEMENT OF INDEBTEDNESS

As at December 31, 2012 the date of its latest audited accounts, the Company had no outstanding debentures, mortgages, loans, charges or similar indebtedness or material contingent liabilities other than in the ordinary course of business.

STATUTORY AND GENERAL INFORMATION

11.7 STATUS OF UNCLAIMED DIVIDEND

As at December 31, 2012, the value of the total amount for unclaimed dividend of Berger was ₦150,725,525.45 (One Hundred and Fifty Million, Seven Hundred and Twenty-five Thousand, Five Hundred and Twenty-five Naira, Forty-five kobo). The total amount is domiciled with Skye Bank Plc.

The Company has been promoting the e-dividend platform through the Registrar in order to facilitate immediate credit of shareholders account once payment of dividend is due. On the unclaimed portion, the Company is looking into the publishing of names of the shareholders in their annual report.

11.8 COSTS AND EXPENSES

The costs, charges and expenses of and incidental to the Offer including fees payable to the professional parties, brokerage commission and printing expenses are estimated at ₦21,864,822.83 or 4.02% of the gross Issue proceeds and are payable by the Company and deductible from the monies raised by the Company.

11.9 MERGERS AND TAKEOVERS

The Company does not anticipate any Mergers & Acquisition and/or partnership of any form in the nearest future.

11.10 DECLARATIONS

Except as otherwise disclosed in this Circular:

a) No share of Berger is under option or agreed conditionally or unconditionally to be put under option;

b) No commissions, discounts, brokerages or other special terms have been granted by Berger to any person in connection with the Issue or sale of any share of the Company;

c) Save as disclosed herein, the Directors of Berger have not been informed of any holding representing 10% or more of the issued share capital of the Company;

d) There are no founders', management or deferred shares or any options outstanding in Berger;

e) There are no material service agreements between Berger or any of its Directors and employees other than in the ordinary course of business;

f) There are no long term service agreements between Berger and any of its Directors and employees except Pension Agreements;

g) No Director of the Company has had any interest, direct or indirect, in property purchased or proposed to be purchased by the Company in the five years prior to the date of this Circular;

h) No Director or key management staff of the Company is or has been involved in any of the following:

- A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any company of which he was a director or key personnel;
- A conviction in a criminal proceeding or is named subject of pending criminal proceedings relating to fraud or dishonesty; and
- The subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty, restraining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

i) No existing and potential related-party transactions and conflict of interest in relation to the company and its related-parties.

j) There are no amounts or benefits paid or intended to be paid or given to any promoter within the two years preceding the date of the Circular.

k) No merger/ take-over offers by third parties in respect of Berger's securities or merger/takeover offers by Berger in respect of other company's securities during the preceding year and the current financial year.

11.11 MATERIAL CONTRACT(S)

The following agreement has been entered into and is considered material to this Issue:

- A Vending Agreement dated Xxxxxxxxx xx, 2013 by which the Joint Issuing Houses have agreed to offer by way of Rights xx,xxx,xxx Ordinary Shares of 50k each at ₦7.50 on the basis of One (1) new Ordinary Share for every Three (3) Ordinary Shares held in Berger Paints Nigeria Plc.

- An Underwriting Agreement dated Xxxxxxx xx, 2013, by which Meristem Securities Limited has agreed to underwrite 30% of the Issue on a stand-by basis.

Other than as stated above, the Company has not entered into any material contract except in the ordinary course of business.

11.12 RELATIONSHIP BETWEEN THE ISSUER AND THE ISSUING HOUSES/OTHER ADVISERS

As at the date of this Right Circular, there is no shareholding relationship between the Company and the Issuing House or other professional parties to the Issue.

11.13 CONSENTS

The following have given and have not withdrawn their consents to the Circular and to have their names mentioned in the form and context in which they appear therein:

DIRECTORS:	Clement A. Olowokande (Chairman) Tor Nygard (Managing Director) Balram Datwani Abi Ayida Musa Danjuma Olawale O. Akinpelu Raymond C. Obieri Nelson C. Nweke Oladimeji Alo
COMPANY SECRETARY	Pheola Caulcrick & Co.
JOINT ISSUING HOUSE:	Meristem Securities Limited CardinalStone Partners Limited
SOLICITORS TO THE ISSUE:	Ikeyi & Arifayan Barristers and Solicitors
STOCKBROKER TO THE ISSUE:	Reward Investment and Services Limited ICON Stockbrokers Limited SFC Securities Limited
AUDITORS:	Akintola Williams Deloitte (Chartered Accountants)
REGISTRARS:	Meristem Registrars Limited
RECEIVING BANKS:	Access Bank Plc Skye Bank Plc Zenith Bank Plc

STATUTORY AND GENERAL INFORMATION

11.14 Documents Available for Inspection

Copies of the following documents may be inspected at the offices of Meristem Securities Limited, 124, Norman Williams Street, Ikoyi, and CardinalStone Partners Limited, 5, Okotie Eboh Street, Ikoyi, during normal business hours on any weekday (except public holidays), throughout the duration of the Rights Issue:

(a) Certificate of Incorporation of the Company;

(b) A copy of the Memorandum and Articles of Association of the Company, duly certified by the Corporate Affairs Commission;

(c) The Circular issued in respect of the Rights Issue;

(d) Board Resolution dated January 24, 2013 recommending the Issue;

(e) A Pre-AGM Board Resolution stating the qualification date;

(f) Shareholders' Resolution dated May 14, 2013 authorising the Issue;

(g) The Certificate of registration of increase in share capital obtained from the Corporate Affairs Commission;

(h) The Audited Accounts of the Company for each of the five years ended, 31st December 2008, 2009, 2010, 2011 and 2012;

(i) The Material Contract referred to above;

(j) The written Consents referred to above;

(k) A letter from the Commission approving the Issue.

12.0 PROVISIONAL ALLOTMENT LETTER

RC 1837

June 20, 2013

BERGER PAINTS NIGERIA PLC

RIGHTS ISSUE OF 72,455,862 ORDINARY SHARES OF 50 KOBO EACH AT ₦7.50 PER SHARE ("THE ISSUE") ON ACCEPTANCE NOT LATER THAN XXXXDAY, xxxxxxxx xx, 2013

Dear Sir/Madam,

1. PROVISIONAL ALLOTMENT

The Board of Berger Paints Nigeria Plc has approved the Offer by way of Rights Issue of 72,455,862 Ordinary Shares of 50 kobo each at ₦7.50 per share, to the existing shareholders of the Company and the Directors of your Company have provisionally allotted to you the number of new Ordinary Shares set out on the first page of the Acceptance/Renunciation Form. The provisional allotment is in the proportion of One (1) new Ordinary Share for every Three (3) Ordinary Shares that appeared against your name in the Company's Register of Members at the close of business on May 31, 2013.

2. ACCEPTANCE AND PAYMENT

a) Full Acceptance

If you wish to accept this provisional allotment in full, please complete Box A of the enclosed Acceptance/Renunciation Form. The completed Acceptance/Renunciation Form, together with a cheque or bank draft for the full amount payable must be submitted to any of the receiving agents mentioned on page xx not later than XXXXday, Xxxxxxxxx xx, 2013. The cheque or draft must be drawn on a bank in the same town or city in which the Company is located and crossed "Berger Paints Nigeria Plc's Rights Issue" with your name, address and daytime telephone number (if any) written on the back of the cheque or draft. All cheques and drafts will be presented upon receipt and all Acceptance/Renunciation Forms in respect of which cheques are returned unpaid will be rejected and returned.

b) Partial Acceptance

To accept your provisional allotment partially, please complete item (i) of Box C and submit your Acceptance/Renunciation Form to Berger Paint Nigeria Plc together with a cheque or bank draft made payable to the Berger Paints Nigeria Plc for the full amount payable in respect of the number of shares you have decided to accept.

c) Applying for Additional Stock/Shares

This may be done by any of the following processes:

(i) Purchasing Rights on the floor of The Stock Exchange. Rights can only be purchased through any of the Stockbrokers listed on page 83 of this document. The stockbroker will guide you regarding payment. Shareholders / investors who purchase Rights on the Floor of The Exchange are guaranteed the number of shares purchased, that is, they will not be subject to the allotment process in respect of the number of shares so purchased (please refer to item 3 on the next page).

PROVISIONAL ALLOTMENT LETTER

(ii) Completing item (ii) of Box B of the Acceptance/Renunciation Form. Payment should be made in accordance with (a) above. Shareholders who apply for additional shares using the Acceptance/Renunciation Form will be subject to the allotment process and may therefore be allotted less than the number of additional shares applied for (please refer to item 4 below)

The receipt of any payment with your Acceptance/Renunciation Form will constitute an acceptance of all or part of this allotment on the terms of this letter. If payment is not received by Xxxxxday, Xxxxxxxx xx, 2013 the Provisional Allotment will be deemed to have been declined and will be cancelled.

1. Trading in Rights

The approval of the Exchange has been obtained for trading in the Rights of the Company. The Rights will be tradable between Xxxxxday, Xxxxxx xx, 2013 and Xxxxxday, Xxxxxx xx, 2013 at the price at which the Rights are quoted on the Exchange. If you wish to renounce your Rights partially or in full, you may trade such renounced Rights on the Floor of The Exchange between these dates. Please complete item i) and ii) of Box C of the Acceptance/Renunciation Form and contact your stockbroker for assistance. If you wish to purchase renounced Rights, please contact your stockbroker who will guide you regarding payment and the procedure for purchasing Berger Paints Nigeria Plc Rights.

2. Allotment of Additional Shares

Ordinary Shares which are not taken up by Xxxxxday, Xxxxxxxxx xx, 2013 will be allotted, on a basis to be determined by the Directors of Berger Paints Nigeria Plc and cleared by SEC, to existing shareholders who have applied and paid for additional Ordinary Shares by completing item (ii) of Box B. Ordinary Shares not taken up by shareholders after allotment will revert to the unissued authorized share capital of the Company in line with SEC's Rules. Should the subscription level be lower than the 50% success level as stipulated by the Commission, the underwriting becomes effective.

3. Surplus Subscription Monies

If any subscription for additional shares is not accepted or is accepted for fewer shares than the number applied for, a cheque for the value of the additional Shares will be returned by registered post within five (5) working days after the date of allotment.

4. Share Certificate

At the completion of the Rights Issue, the Ordinary Shares will be registered and transferable in units of 50 kobo each. Share certificates in respect of the shares allotted will be sent by Electronic-Transfer to the CSCS account of allottees not later than 15 working days from the date of allotment after the approval and the clearance of the allotment by SEC. A Shareholder who does not wish his/her share certificate to be posted should therefore state his/her stockbroker as well as CSCS account number on the space provided on the Acceptance Form for his/her allotment to be credited to his CSCS account.

Yours faithfully,

Insert Company Secretary's Signature

Pheola Caulcrick & Co.
Company Secretary

13.0 RECEIVING AGENTS

Completed Acceptance Forms for which cash or bank drafts / cheques for the full amount payable may be submitted to any of the following Receiving Agents duly registered as market operators by SEC, to whom brokerage will be paid at the rate of 75 kobo per ₦100 worth of shares allotted in respect of applications bearing their stamps.

The Issuing Houses cannot accept responsibility for the conduct of any of the institutions listed below. Shareholders are therefore advised to conduct their own independent enquiries before choosing an agent to act on their behalf. Evidence of lodgement of funds at any of the Receiving Agents listed below, in the absence of corresponding evidence of receipt by the Issuing Houses, cannot give rise to a liability on the part of the Issuing Houses under any circumstances.

BANKS

Access Bank Plc
Diamond Bank Plc
EcoBank Nigeria Plc
Enterprise Bank Limited
Fidelity Bank Plc
First Bank of Nigeria Plc
First City Monument Bank Plc
Guaranty Trust Bank Plc
Heritage Bank Limited
Keystone Bank Limited
Mainstreet Bank Limited
Skye Bank Plc
Stanbic IBTC Bank Plc
Standard Chartered Bank Limited
Sterling Bank Plc
Union Bank of Nigeria Plc
United Bank for Africa Plc
Unity Bank Plc
Wema Bank Plc
Zenith Bank Plc

STOCKBROKERS AND OTHERS

AAA Stockbrokers Ltd
Adamawa Securities Ltd
Adonai Stockbrokers Ltd
AIL Securities Ltd
Alliance Capital Mgt Ltd
Altrade Securities Ltd
AMYN Investments Ltd
Anchoria Investment &
APT Securities & Funds Ltd
Atlas Portfolio Ltd
Bacad Finance & Investment Ltd
Best Link Investment Ltd
Bestworth Assets & Trust Ltd
BFCL Assets & Securities Ltd
BGL Securities Ltd
BSD Securities Ltd
Bytofel Trust & Securities Ltd
Cashcraft Asset Management
CardinalStone Partners limited
Capital Assets Ltd
Capital Express Securities Ltd
Capital Trust Brokers Ltd
Centre Point Investment Ltd
Chapel Hill Advisory Partners
Clearview Investment Company
Citi Investment Capital Limited
City-Code Trust & Investment Co
Compass Investment &
Cooper Fleming Stockbrokers Ltd
Core Trust & Investment Ltd
Cordros Capital Ltd
Counters Trust Securities Ltd
Crownwealth Assets
Crossworld Securities Ltd
CSL Stockbrokers Ltd
Davandy Finance & Sec. Ltd
De-Canon Investment Ltd
Denham Management Ltd
Dynamic Portfolio Ltd
EBN Securities Ltd
Emerging Capital Ltd
ESL Securities Limited
Excel Securities Ltd
Express Portfolio Services Ltd
Euro Comm Securities Ltd
F & C Securities Ltd
Falcon Securities Ltd
FBN Capital Limited
Finmal Finance Services Ltd
Fidelity Union Securities Ltd
First Stockbrokers Ltd
Folu Securities
Foresight Securities & Investment
Forte Asset Management Ltd
Forthright Securities & Investments
Fountain Securities Ltd
FSDH Securities Limited
Future View Financial Services Ltd
Gidauniya Investments & Securities
Global Assets & Management Ltd
Golden Securities Ltd
Greenwich Trust Ltd
GTI Capital Ltd
GT Securities Limited
Heritage Capital Limited
Horizon Stockbrokers Ltd
IBTC Asset Management Ltd
ICMG Securities Ltd
ICON Stockbrokers Ltd
Ideal Securities & Investments Ltd
Integrated Trust & Investments Ltd
International Standard Securities
Interstate Securities Ltd
Investment Centre Ltd
Investment Masters & Trust Ltd
Jenkins Investment Ltd
Kapital Care Trust & Securities Ltd
Kedari Securities Limited
Kinley Securities Ltd
Kundila Finance Services Ltd
Lambeth Trust & Investment Co Ltd
LB Securities Ltd
Lead Capital Ltd
Lighthouse Asset Management Ltd
Maclaize Trust & Securities Ltd
Magnartis Finance & Inv. Ltd.
Marimpex Finance & Investment Ltd
Mainland Trust Ltd
Marina Securities Ltd
Maven Asset Management Ltd
Maxifund Investments & Sec Plc
Mayfield Investment Ltd
MBC Securities Ltd
Mega Equities Ltd
Mercov Securities Ltd
M & F Investment Ltd
Meristem Securities Ltd
Metropolitan Trust Nigeria Ltd
Midas Stockbrokers Ltd
Mission Securities Ltd
Mountain Investment & Securities
Newdevco Finance Securities Ltd
Nigerian International Securities Ltd
Omas Investments & Trust Ltd
OMF Securities & Finance Ltd
Options Securities Ltd
P.S.I. Securities Ltd
Partnership Investment Co Ltd
Pilot Securities Limited
Pinefields Investment Services Ltd
Premium Securities Ltd
PSL Securities Ltd
Pyramid Securities Ltd
Reading Investments Ltd
Regency Assets Management Ltd
Resano Securities Ltd
Resort Securities & Trust Ltd
Reward Investments & Sev Ltd
Rivtrust Securities Ltd
Rolex Securities Ltd
Royal Crest Finance Ltd
Securities Transaction & trust Co Ltd
Security Swaps Ltd
Shelong Investment Ltd
Signet Investments Securities Ltd
SMADAC Securities Ltd
Solid Rock Securities & Investment
Spring Stockbrokers Limited
Springboard Trust &
Support Services Ltd
Stanbic Equities Nigeria Ltd
Stanwal Securities Ltd
Strategy & Arbitrage Ltd
Summa Guaranty & Trust Co
Summit Finance Company Ltd
Tiddo Securities Ltd
Tomil Trust Ltd
Topmost Finance &
Transglobe Investment &
Tower Assets Management Ltd
Traders Trust & Investment Co
Trans Africa Financial Services
Transworld Investment Ltd
Tropics Securities Ltd
Trust Yield Securities Ltd
Trusthouse Investment Ltd
TRW Stockbrokers Ltd
UIDC Securities limited
UNEX Securities Investment
Union Capital Markets Ltd
Valueline Securities &
Vetiva Capital Management
Viva Securities Ltd
Yobe Investment Co. Ltd
Zenith Securities Ltd
Zuma Securities Ltd

14.0 INSTRUCTIONS FOR COMPLETING ACCEPTANCE/RENUNCIATION FORM

BERGER

...enduring beauty and protection

RC 1837

Rights Issue

Of

72,455,862

Ordinary Shares of 50 kobo each

at

₦7.50 per Share

On the basis of One (1) New Ordinary Share for every Three (3) Ordinary Shares held as at May 31, 2013

Payable in full on Acceptance

Issuing Houses:

MERISTEM SECURITIES LIMITED

MEMBER OF THE NIGERIAN STOCK EXCHANGE

CARDINALSTONE PARTNERS

INSTRUCTIONS FOR COMPLETING THE ACCEPTANCE/RENUNCIATION FORM

1. Acceptance and/or renunciation must be made on the prescribed form. Photocopies of the Acceptance/Renunciation form will be rejected.
2. Allottees should complete only ONE of the boxes marked B and C on the reverse of this form.
3. Shareholders accepting the provisional allotment in full should complete box B and submit their Acceptance/Renunciation Forms to any of the Receiving Agent listed in this Rights Circular together with the cash, cheque or bank draft made payable to the Receiving Agent for the full amount payable on acceptance. The cheque or draft must be drawn on a bank in the same town or city in which the Receiving Agent is located and crossed "Berger's Rights Issue", with the name, address and daytime telephone number (if any) of the shareholder written on the back. If payment is not received by xxxxday, Xxxxxxxxxx xx, 2013 the provisional allotment will be deemed to have been declined and will be cancelled.
4. Shareholders accepting their provisional allotment partially should complete box C and submit their Acceptance/Renunciation Form to any of the Receiving Agents listed in this Rights Circular together with a cheque or bank draft made payable to the Receiving Agent for the amount payable for the partial acceptance.
5. Shareholders renouncing the provisional allotment partially or in full should complete item (iii) of box C and return it to the Receiving Agent with a cheque or bank draft made payable to the Placement Agent for any partial acceptance. If payment is not received Xxxxxday, Xxxxxxxxx xx, 2013, the provisional allotment will be deemed to have been declined and will be cancelled.
6. Shareholders who wish to acquire additional shares over and above their provisional allotment may apply for additional shares by completing item (ii) of box B.
7. All cheques or bank drafts will be presented for payment on receipt and all acceptances in respect of which cheques are returned unpaid for any reason will be rejected and cancelled. Shareholders are advised to obtain an acknowledgement of the amount paid from the Receiving Agent through which this Acceptance/Renunciation Form is lodged.
8. Joint allottees must sign on separate lines in the appropriate section of the Acceptance/Renunciation Form.
9. Acceptance/Renunciation Forms of corporate allottees must bear their incorporation numbers and corporate seals and must be completed under the hands of duly authorized officials who should also state their designations.

FOR REGISTRAR'S USE ONLY

Number of Ordinary Shares Accepted	Additional Ordinary Shares applied for	Additional Ordinary Shares allotted	Total Amount Payable	Amount Paid	Amount to be returned/ cheque/bank draft number
			₦	₦	₦

Stamp of Receiving Agent

15.0 ACCEPTANCE/RENUNCIATION FORM

Care should be taken to comply with the instructions set out on the front of this form. If you are in doubt as to what action to take, you should immediately consult your Stockbroker, Bank Manager, Solicitor, Accountant or any other professional adviser for guidance.

A. FULL ACCEPTANCE OF RIGHTS

I/We accept in full, the provisional allotment shown on the front of this Acceptance/Renunciation Form

DETAILS OF SHAREHOLDER'S PROVISIONAL ALLOTMENT		

Signature: .... Date: .... 20...

Name (in block letters): .... Bank Name: ....

Signature (for joint allottee): .... Branch: ....

Name (in block letters): .... Account Number: ....

Daytime Telephone No.: ....

CSCS Account No.: .... OFFICIAL SEAL (FOR CORPORATE ALLOTTEES ONLY)

Name of Stockbroker: ....

B. REQUEST FOR ADDITIONAL ORDINARY SHARES

i) I/We also apply for the following additional shares:

This section should be completed if you wish to apply for additional

Number of Additional Ordinary Shares applied for	Additional amount payable at N7.50 per share
	₦

I/We agree to accept the same or smaller number of additional shares in respect of which allotment may be made to me/us, in accordance with the Provisional Allotment Letter contained in the Rights Circular.

iii) I/We enclose my/our cash/cheque/bank draft for ₦.............. being the total of the amount payable as shown on the front of this form, and the additional amount payable as shown in item (ii) above.
Cheque details: Name of bank/branch:.. Cheque number:...

C. RENUNCIATION OR PARTIAL ACCEPTANCE

1 Number of Ordinary Shares accepted	2 Amount Payable at ₦7.50 per Share	3 Number of Ordinary Shares Renounced
	₦	

i) I/We accept only the number of Ordinary Shares shown in Column 1 above and enclose my/our cheque/bank draft for the value shown in Column 2 above.
Cheque details: Name of bank/branch: .... Cheque number: ....

ii) I/We hereby renounce my/our rights to the Ordinary Shares shown in Column 3, being the balance of the Ordinary Shares allotted to me/us.